

# ROAD MAP FOR NATIONAL SECURITY

Addendum on  
Implementation



**United States Commission  
on  
National Security/21<sup>st</sup> Century**

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**National Security Study Group**

**assisted by**

**Booz·Allen & Hamilton**

## Foreword

The Charter of the United States Commission on National Security/21<sup>st</sup> Century (USCNS/21) requires the Commission to recommend the redesign of structures and processes of the U.S. national security system, as necessary, based on its assessment of the prospective threat environment and a U.S. national strategy to deal with that environment. The Charter also calls for the submission of an implementation “roadmap” to complete these improvements. Accordingly, in this *Addendum on Implementation*, the Commission provides those plans with respect to implementing its recommendations on Homeland Security, the National Security Council, the Department of State, National Security Education Act, Civil Service Personnel, Foreign Service Personnel, and Military Personnel.

These plans demonstrate actions the Executive Branch can take to implement the Commission's recommendations. They identify where responsibilities lie, suggest timelines and sequencing for implementation, and discuss the coordination and consultation that must occur between the Executive and Legislative Branches to bring the Commission's recommendation into being. In addition, the plans address the impact of the recommendations on affected agencies' personnel levels, where applicable, and identify issues that, unless addressed, are likely to impede implementation.

The implementation plans within this Addendum identify whether legislation, Executive Orders, or internal departmental actions are required to bring USCNS/21 recommendations into being. Where legislation or Executive Orders are required, the plans identify their key elements and provide draft language. The firm of Booz Allen & Hamilton assisted the USCNS/21 in developing the implementation plans contained in this Addendum.

The Commission calls for bold and significant change in many areas, and it realizes that implementing change is difficult and can take time. It is impossible to specify in full detail in advance exactly how to bring about positive change in large organizations that deal with complex issues. Nevertheless, a start must be made, and this Addendum is instrumental to that purpose.



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## PREFACE

### ROAD MAP FOR NATIONAL SECURITY: ADDENDUM ON IMPLEMENTATION

#### 1. Introduction

This *Addendum* includes implementation plans for a number of key recommendations made by the U.S. Commission on National Security/21<sup>st</sup> Century (USCNS/21) in its final report, *Road Map for National Security: Imperative for Change*. Specifically, the implementation plans address the Commission's recommendations on Homeland Security, the functioning and roles of the National Security Council, the organization of the U.S. Department of State, and improving recruitment and retention in the Foreign Service, the Civil Service, and among military personnel. Table 1 lists the specific USCNS/21 recommendations addressed in this *Addendum*.

The implementation plans serve as blueprints for initiating the changes in processes and organizations recommended by the Commission. Each implementation plan details specific actions for achieving the objectives defined by the Commission, identifies responsibility for those actions, and a timeline within which these actions should be completed. Depending on the content of the recommendation, the plans address the implications of implementing the recommendations on an agency's personnel. The implementation plans also describe challenges specific to particular recommendations and offer ideas for addressing them. Finally, the plans include draft language for legislation, if legislation is required to implement the recommendation, and for Executive Orders, if required.

In developing the implementation plans, the Commission was mindful of the linkages among the changes it was recommending. The reorganization of the Department of State, for example, reflects the Commission's concept for improved interagency coordination of national security policy that is the centerpiece of the recommendations on the functioning and roles of the National Security Council (NSC). This emphasis on interagency coordination is also evident in the Commission's recommendations on Civil Service personnel, which include establishing a National Security Service Corps for top performers who would rotate from department to department, obtaining broader experience than would otherwise be available to them. The implementation plans recognize the linkages among the USCNS/21 recommendations and highlight required actions to align related implementation plans. For example, the National Security Council implementation plan lays out the actions for developing a top-down strategic planning process. The strategic plan called for in this recommendation is then linked to the process for improving strategic planning at the Department of State, another recommendation made by the Commission.

#### 2. Homeland Security

The USCNS/21 recommendations on Homeland Security focus on developing a comprehensive strategy to improve U.S. ability to prevent and defend against homeland security threats and creating a National Homeland Security Agency (NHSA), by building upon the functions of the Federal Emergency Management Agency (FEMA) and bringing the Coast Guard, Customs Service, the Border Patrol under the new agency's control. In addition, the Commission calls for producing National Intelligence Estimates on homeland security threats;

establishing an Assistant Secretary of Defense for Homeland Security within the Office of the Secretary of Defense; assigning the National Guard homeland security as a primary mission; and establishing a Congressional body to provide oversight for homeland security.

Legislation is required to implement the centerpiece of the Commission's recommendations—the creation of the NHSA—as well as creating an Assistant Secretary of Defense for Homeland Security. A bill establishing the NHSA along the lines suggested by the Commission was introduced in the House of Representatives (HR 1158). The implementation plan outlines additional actions prior to and following the drafting of legislation, such as creating an interagency task force, chaired by the Office of Management and Budget (OMB), to develop policy and procedures for the NHSA and performing an analysis of the positions of the many stakeholders in the establishment of the new agency, including the various agencies and organizations that stand to lose some of their responsibilities to it.

The Commission's recommendation on developing a comprehensive national security strategy can be implemented by Presidential action, either through the issuance of a National Security Presidential Directive, an Executive Order, or a prominent Presidential speech. The key element in preparing such a strategy will be to identify and assemble representatives of those agencies that will likely play a central role in implementing the strategy to obtain their early input.

Assigning the National Guard a primary mission of homeland security, on the other hand, will require both Executive and Congressional action. The President could direct the Secretary of Defense to make homeland security a National Guard primary mission of equal status with warfighting missions. Congressional action would be required, however, to provide the necessary resources to equip the Guard to execute this mission. The implementation plan details a course of action for assigning this mission to the National Guard, including the steps necessary to conduct a comprehensive assessment of threats, requirements, and capabilities for both conventional warfighting and homeland security missions.

### **3. The National Security Council**

The Commission's recommendations pertaining to the National Security Council (NSC) focus on establishing a top-down strategic planning process, coordinated by the National Security Advisor; preparing integrated "national security" budgets for those crosscutting national security issues identified in the planning process; emphasizing the coordinating role of the NSC Staff; making the Secretary of Treasury a statutory member of the NSC; and abolishing the National Economic Council (NEC), folding its functions into the NSC and the Domestic Policy Council (DPC).

The majority of these recommendations can be implemented by Presidential directive. Initiating a top-down strategic planning process can be initiated by a National Security Presidential Directive tasking the National Security Advisor to coordinate the process. The implementation plan provides a blueprint for assembling this strategic guidance, drawing on the direction of the NSC Principals, the involvement of the NSC Deputies, and the support of the NSC staff. The Commission's vision for this strategic guidance is a brief document that would direct the development of the various Departments' budget submissions. As such, the implementation plan suggests a timeline for developing the guidance that fits within the budget preparation process.

Similarly, developing a "national security budget" for critical, crosscutting national security goals, such as homeland security, counter-terrorism, and nonproliferation, can be initiated by a direct Presidential tasking to the National Security Advisor and the Director of OMB. The Commission does not envision this budget as a full national security budget, but an expanded cross-functional budget compiling 15-20 crosscutting issues that would supplement the President's budget request to Congress. The implementation plan details steps for developing this budget, including the role of the National Security Advisor, the NSC staff, and OMB in preparing specific budget guidance for the departments participating in the preparation of the cross-functional budget.

The abolishment of the NEC and the consolidation of its functions in the NSC and the DPC can also be accomplished by Presidential directive. The implementation plan lays out the steps to be taken to ensure the appropriate treatment of economic issues within the National Security Council, including the appointment of a Deputy National Security Advisor as the President's chief economic advisor.

The recommendation for making the Secretary of Treasury a statutory member of the National Security Council requires legislation. The implementation plan provides draft legislative language as well as steps for ensuring coordination of Treasury Department actions with other national security activities.

#### **4. Department of State**

The USCNS/21 recommendations on the Department of State focus on the reorganization of the Department by aligning functional bureaus under regional Under Secretaries and a Global Under Secretary; the abolishment of U.S. AID and consolidation of its functions into the State Department; the strengthening of strategic planning functions within the Department; and the establishment of a panel to ensure that the selection process for U.S. Ambassadors yields candidates with appropriate management and leadership skills. The Commission also recommended that Congress appropriate funds to the State Department in a single Foreign Operations budget.

The centerpiece of the Commission's recommendations, the reorganization of the Department of State and the abolishment of U.S. AID, will require legislation. The implementation plan lays out a course of action for developing a legislative proposal, including the development of a reorganization plan that would aid in identifying the elements of the legislative proposal. At a minimum, the legislation for reorganizing the Department of State and consolidating U.S. AID functions within it would require repealing eight statutory positions, including two Under Secretaries, four Assistant Secretaries, and all Special Coordinators; increasing the number of Under Secretaries allowed in the Department to seven; increasing the number of Assistant Secretaries to 25; and repealing the establishment of U.S. AID as an independent agency, specifying that its functions be transferred to the State Department.

Other Commission recommendations, such as strengthening internal strategic planning efforts and establishing the Office of Strategic Planning, Assistance, and Budget, can be implemented by internal, departmental action. The implementation plan lays out a blueprint for strengthening the current strategic planning process and for linking it to the strategic planning guidance prepared by the National Security Council, as recommended by the Commission.

## **5. National Security Education Act**

To reverse the declining interest in government service, and mindful of the anticipated bow wave of retirements among the upper ranks of government, the USCNS/21 recommends a broad plan of action to attract a new generation of talent to careers in the Civil Service, Foreign Service, and in the military. Central to its goal of bolstering the government's human resources is the Commission's recommendation to expand the incentives for government service provided by the National Security Education Act (NSEA) of 1991.

The NSEA funds undergraduate scholarships, graduate fellowships, and grants to universities to develop a cadre of individuals skilled in foreign languages and area studies to staff U.S. national security agencies. Scholarship and fellowship recipients are required to enter government service at the end of their education. The Commission proposes broadening the scope of the scholarship and fellowship program by increasing the length of scholarships from a maximum of two years to a maximum of four years; eliminating certain requirements for the scholarships and fellowships, such as the requirement that scholarships be used for study abroad and that they include study of a foreign language; and by enabling individuals who have already completed their studies to obtain partial or full repayment (based on length of service) of their student loans if they enter government service. The Commission also proposes amending the NSEA by establishing a professional development program for the fellowship and scholarship recipients while in school, so as to prepare them for their government careers.

Implementation of this recommendation requires amending the NSEA. The implementation plan recommends steps to achieve the desired changes to the underlying legislation, drawing on the role of National Security Education Board, chaired by the Secretary of Defense and the support of the Administration as a whole.

## **6. Foreign Service**

The USCNS/21 recommends the overhaul of the Foreign Service, to include revamping the examination process; improving the level of on-going professional education; making leadership a core value of the Department; and changing the name of the Foreign Service to the U.S. Diplomatic Service. The latter recommendation is the only one requiring legislation. The remaining recommendations can be implemented by departmental action.

The Foreign Service implementation plan provides a detailed road map for each of these recommendations. To revamp the examination process, for example, the plan recommends steps for shortening the examination process, including assessing the success of the Alternative Examination Process (AEP), and eliminating the "blindfolding" policy for the oral part of the exam. The plan also lays out specific actions for reducing the excessive lag time from examination to hiring, which is currently so long that a number of good candidates are lost to other employers. Among the specific actions suggested by the implementation plan is conducting a best practice analysis to adapt innovative hiring strategies for use in the Foreign Service.

The implementation plan also recommends a process for improving the level of professional education in the Foreign Service. The plan presents actionable steps to undertake an analysis of training needs and to develop a curriculum that matches the training requirements of the Department.

## **7. Civil Service**

The USCNS/21 recommends improving civil service personnel recruiting and retention by streamlining the hiring process; enhancing professional education opportunities; and creating a National Security Service Corps to foster a cadre of national security policy experts.

The Civil Service implementation plan provides a road map for the Commission's recommendations and sub-recommendations that highlight specific areas for improvement. These include streamlining the security clearance process; exercising available options to enhance recruiting and retention; increasing professional education opportunities; attracting quality personnel by reforming the hiring process and offering market-based compensation; modifying government personnel regulations to lift pay cap restrictions; expanding the Cyber Corps while identifying outsourcing opportunities for information technology support functions; and creating an interagency coordinating group to develop new personnel provisions. These recommendations can be implemented by effectively applying current government personnel authorities. The implementation plan also describes actions required to create a National Security Service Corps designed to broaden the experience base of upper level Civil Service personnel to produce integrated solutions to U.S. national security policy problems.

## **8. Military Personnel**

The USCNS/21 made two broad recommendations aimed at addressing the recruitment and retention problems currently faced by the military services. The first focuses on enhancing the Montgomery GI Bill and strengthening other legislation providing medical, transition, and home ownership benefits for veterans. The second addresses the need to decentralize military personnel legislation governing enlistment and commissioning terms, career management, retirement, and compensation, so as to facilitate the ability of Service Secretaries to reach retention and recruitment goals.

In the context of these broad recommendations, the Commission offers specific initiatives designed to accomplish the overall goals. For example, to decentralize military personnel legislation and give added flexibility to Service Secretaries in the area of recruitment and retention, the Commission recommends revising the Defense Officers Personnel Management Act of 1980, the 1999 National Defense Authorization Act, Title 37 of the U.S. Code governing compensation, and the 1974 Aviation Career Incentive Act.

The implementation plan for the Commission's recommendations on military personnel provides actionable steps for achieving these goals. It identifies, where appropriate, current Legislative or Executive Branch initiatives to enhance recruitment and retention and recommends means to build upon them. For example, one of the specific initiatives recommended by the Commission is to correct the pay compression for senior noncommissioned officers. The implementation plan lays out an approach for achieving this objective that builds upon the Defense Department's ongoing Quadrennial Review of Military Compensation (QRMC), so as to avoid creating additional task forces that might work at cross purposes with each other.

<b>HOMELAND SECURITY</b>
1. The President should develop a comprehensive strategy to heighten America's ability to prevent and protect against all forms of attack on the U.S. homeland, and to respond to such attacks if prevention and protection fail.
2. The President should propose, and Congress should agree to create a National Homeland Security Agency (NNSA) with responsibility for planning, coordinating, and integrating various U.S. government activities involved in homeland security. The Federal Emergency Management Agency (FEMA) should be a key building block in this effort.
3. The President should propose to Congress the transfer the Customs Service, the Border patrol, and the Coast Guard to the National Homeland Security Agency, while preserving them as distinct entities.
4. The President should ensure that the National Intelligence Council: include homeland security and asymmetric threats as an area of analysis; assign that portfolio to a National Intelligence Officer; and produce National Intelligence Estimates on these threats.
5. The President should propose to Congress the establishment of an Assistant Secretary of Defense for Homeland Security within the Office of the Secretary of Defense, reporting directly to the Secretary.
6. The Secretary of Defense, at the President's direction, should make homeland security a primary mission of the National Guard homeland, and the Guard should be organized, properly trained, and adequately equipped to undertake that mission.
7. Congress should establish a special body to deal with homeland security issues, as has been done with intelligence oversight. Members should be chosen for their expertise in foreign policy, defense, intelligence, law enforcement, and appropriations. This body should also include members of all relevant Congressional committees, as well as <i>ex-officio</i> members from the leadership of both houses of Congress.
<b>NATIONAL SECURITY COUNCIL</b>
14. The President should personally guide a top-down strategic planning process and delegate authority to the National Security Advisor to coordinate that process.
15. The President should prepare and present to the Congress an overall national security budget to serve the critical goals that emerge from the National Security Council strategic planning process. Separately, the President should continue to submit budgets of the individual national security departments and agencies for Congressional review and appropriation.
16. The National Security Council should be responsible for advising the President and for coordinating the multiplicity of national security activities, broadly defined to include economic and domestic law enforcement activities as well as the traditional national security agenda. The NSC advisor and staff should resist the temptation to assume a central policymaking and operational role.
17. The President should propose to the Congress that the Secretary of Treasury be made a statutory member of the National Security Council.
18. The President should abolish the National Economic Council, distributing its domestic economic policy responsibilities to the Domestic Policy Council and its international economic responsibilities to the National Security Council.
<b>U.S. DEPARTMENT OF STATE</b>
19. The President should propose to the Congress a plan to reorganize the State Department, creating five Under Secretaries, with responsibility for overseeing the regions of Africa, Asia, Europe, Inter-America, and Near East/South Asia, and redefining the responsibilities of the Under Secretary for Global Affairs. These new Under Secretaries would operate in conjunction with the existing Under Secretary for Management.
20. The President should propose to the Congress that the U.S. Agency for International Development be consolidated into the State Department.
21. The Secretary of State should give greater emphasis to strategic planning in the State Department and link it directly to the allocation of resources through the establishment of a Strategic Planning, Assistance, and Budget Office.
22. The President should ask Congress to appropriate funds to the State Department in a single integrated Foreign Operations budget, which would include all the foreign assistance programs and activities as well as all the expenses for personnel and operations.
23. The President should ensure that Ambassadors have the requisite area knowledge as well as leadership and management skills to function effectively. He should therefore appoint an independent, bipartisan advisory panel to the Secretary of State to vet ambassadorial appointees, career and non-career alike.
<b>NATIONAL SECURITY EDUCATION ACT</b>
39. Congress should significantly expand the National Security Education Act (NSEA) to include broad support for social sciences, humanities, and foreign languages in exchange for military and civilian service to the nation.
<b>FOREIGN SERVICE</b>
41. The President should order the overhauling of the Foreign Service system by revamping the examination process, dramatically improving the level of on-going professional education, and making leadership a core value of the State Department.
<b>CIVIL SERVICE</b>
42. The President should order the elimination of recruitment hurdles for the Civil Service, ensure a faster and easier hiring process, and see to it that strengthened professional education and retention programs are worthy of full funding by Congress.
43. The Executive Branch should establish a National Security Service Corps (NSSC) to enhance civilian career paths, and to provide a corps of policy experts with broad-based experience throughout the Executive Branch.
<b>MILITARY PERSONNEL</b>
44. Congress should significantly enhance the Montgomery GI Bill, as well as strengthen recently passed and pending legislation supporting benefits—including transition, medical, and homeownership—for qualified veterans.
45. Congress and the Defense Department should cooperate to decentralize military personnel legislation dictating the terms of enlistment/commissioning, career management, retirement, and compensation.

**Table 1. USCNS/21 Recommendations**

**Road Map for National Security  
Addendum on Implementation**



**Homeland Security Implementation Plan**

*Prepared for the U.S. Commission on National Security/21<sup>st</sup> Century*

## Executive Summary

The U.S. Commission on National Security/21<sup>st</sup> Century (USCNS/21) stated throughout its reports that homeland security (HLS) was perhaps the most significant threat facing the nation. As the Commission noted in its initial report, the nation "will become increasingly vulnerable to attacks on our homeland."<sup>1</sup>

The Commission recommended a three-layered HLS strategy: prevention, protection, and response. In satisfying the requirements posed by each layer, the USCNS/21 noted the need for an overarching strategy; strategic integration at the NSC; a new, specialized organization; improved intelligence analysis, coordination, and dissemination; better oversight and integration within the Department of Defense (DoD); re-prioritizing National Guard missions; and different ways for providing Congressional oversight. These improvements are necessary to ensure greater operational integration and cohesiveness in areas ranging from border security through emergency management. These recommendations are listed in the following table.

<b>USCNS/21<sup>ST</sup> CENTURY RECOMMENDATIONS<sup>2</sup></b>
1. The President should develop a comprehensive strategy to heighten America's ability to prevent and protect against all forms of attack on the homeland, and to respond to such attacks if prevention and protection fail.
2. The President should propose, and Congress should agree to create, a National Homeland Security Agency (NHSA) with responsibility for planning, coordinating, and integrating various U.S. government activities involved in homeland security. The Federal Emergency Management Agency (FEMA) should be a key building block in this effort.
3. The President should propose to Congress the transfer of the Customs Service, the Border Patrol, and the Coast Guard to the National Homeland Security Agency, while preserving them as distinct entities.
4. The President should ensure that the National Intelligence Council: include homeland security and asymmetric threats as an area of analysis; assign that portfolio to a National Intelligence Officer; and produce National Intelligence Estimates on these threats.
5. The President should propose to Congress the establishment of an Assistant Secretary of Defense for Homeland Security within the Office of the Secretary of Defense, reporting directly to the Secretary.
6. The Secretary of Defense, at the President's direction, should make homeland security a primary mission of the National Guard, and the Guard should be organized, properly trained, and adequately equipped to undertake that mission.
7. Congress should establish a special body to deal with homeland security issues, as has been done with intelligence oversight. Members should be chosen for their expertise in foreign policy, defense, intelligence, law enforcement, and appropriations. This body should also include members of all relevant Congressional committees as well as <i>ex-officio</i> members from the leadership of both Houses of Congress.

**Table 1. Summary of Recommendations**

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<sup>1</sup> USCNS/21. *New World Coming: American Security in the 21<sup>st</sup> Century*, p.4.

<sup>2</sup> Recommendations addressed in this implementation plan are extracted from *Road Map for National Security: Imperative for Change*, the U.S. Commission on National Security/21<sup>st</sup> Century (USCNS/21)'s Phase III report, posted on January 31, 2001 at [www.nssg.gov](http://www.nssg.gov), and published on March 15, 2001. All references are based on the published version. (Hereafter cited as *Road Map*.)

The following sections examine ways in which these recommendations might be implemented. They are not designed to present definitive answers; rather they provide a framework for thinking about the best ways to put the Commission's findings into practice.

The implementation plans that accompany each recommendation take into account actions that might be required by the Administration and Congress. They do so by providing a notional, step-by-step blueprint of suggested actions, and discuss the nature of the coordination and consultation that must occur between the Executive and Legislative branches. The plans also note personnel implications for each recommendation and major considerations that impact recommendations and, unless addressed, are likely to render implementation less effective. These include those that involve bureaucratic considerations, cultural impediments that accompany all transformations, and lessons derived from earlier events.

Although there are certainly other methods for implementing these important HLS recommendations, the blueprints described here represent steps that are bureaucratically feasible, given impetus from the leaders of the organizations involved and appropriate incentives. They serve as a basis for developing more detailed concepts and, if this is done, will act as a foundation for change.

# Implementation Plan: Homeland Security

## I. READER'S GUIDE

### A. Background

The charter that created the United States Commission on National Security/21<sup>st</sup> Century (USCNS/21) directed the Commission to include implementation concepts for its recommendations as part of its final report.<sup>3</sup> At the outset of its work in 1998, the Commission identified HLS as a primary security concern for 21<sup>st</sup> century decision makers. It addressed the HLS threat in its initial report, *New World Coming: American National Security in the 21<sup>st</sup> Century*, and elaborated on strategies to deal with this threat in its second report, *Seeking a National Strategy: A Concert for Preserving Security and Promoting Freedom*.<sup>4</sup> The Commission's final report, *Road Map for National Security: Imperative for Change*, provides 50 specific recommendations for changing national security structures, organizations, and processes to better enable the United States to implement a new national strategy. This implementation plan addresses seven of those recommendations as they apply to Homeland Security (HLS).

### B. Scope of Implementation Plan

HLS was a primary USCNS/21 concern from the outset of its deliberations. The Commission's first two reports noted the increasing danger of attacks on the American homeland and the damage such assaults could do. In its final report, *Road Map for National Security: Imperative for Change*, the Commission included seven major recommendations for improving the Nation's capabilities and capacities to cope with threats to the American homeland.<sup>5</sup> These include developing a comprehensive HLS strategy; creating a National Homeland Security Agency (NHSA); transferring the Customs Service, Border Patrol, and Coast Guard to that agency; improving intelligence support for HLS; establishing an Assistant Secretary of Defense (ASD) for HLS; assigning the National Guard (NG) a more prominent role in HLS; and improving Congressional oversight of HLS activities. Each recommendation is addressed in turn in the following sections.

### C. Implementation Plan Layout

Section II of this implementation plan highlights issues and requirements raised by Commission recommendations and provide options that, if adopted, will facilitate implementation of those recommendations. The plan will identify general responsibilities for actions, and will provide reasonable timelines and arrange actions in sequence. Throughout the plan, tables will be used to simplify presentation and format will remain the same for each recommendation to facilitate comparisons. Each of the seven USCNS/21 HLS recommendations will be addressed in separate sections of this plan; however, the format of each section will remain the same. The narrative descriptions will note whether recommendations must be addressed simultaneously or sequentially.

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<sup>3</sup> USCNS/21 Charter, July 1998 is contained in Appendix 2 of *Road Map*.

<sup>4</sup> All USCNS/21 reports are available at the Commission's website [www.nssg.gov](http://www.nssg.gov).

<sup>5</sup> *Road Map* also contains a synopsis of the findings contained in earlier Commission reports.

Section III describes issues, challenges, and opportunities raised by the recommendations and presents potential courses of action to address them.

Section IV describes means by which the recommendations can be implemented, including legislative and executive actions.

Section V describes implications for the personnel affected by these recommendations, including personnel transfers, reclassification, and training.

Section VI contains the appendices. Appendix A includes a matrix summarizing the information in this implementation plan. Appendix B contains draft Executive Orders and draft legislative language to implement the recommendations addressed in this plan. Appendix C includes two process maps depicting how to create a comprehensive HLS strategy, and a HLS budget.

## II. IMPLEMENTATION BLUEPRINTS

### A. Crafting a Comprehensive Homeland Security Strategy

**Recommendation 1:** *The President should develop a comprehensive strategy to heighten America's ability to prevent and protect against all forms of attack on the homeland, and to respond to such attacks if prevention and protection fail.*

**1. Background.** In the course of their deliberations, the Commission proposed a three-layered strategy that weaves together *prevention, defense, and response*. However, the Commission determined that a clear and comprehensive national homeland security (HLS) strategy that addresses these layers does not exist, not is it tied into a larger national security strategy.<sup>6</sup> Although several departments and agencies have modest internal strategies and operational concepts, and some Members of Congress have taken an active interest in HLS issues, no overarching HLS strategy exists to give form to the three layers proposed by the Commission or to establish priorities.

Preparing a comprehensive, overarching HLS strategy will increase awareness of threats, assign priorities for dealing with them, identify crucial elements of the approach, provide guidance for allocating resources, fix responsibilities, eliminate unnecessary duplication, and improve Legislative/Executive Branch cooperation. A comprehensive strategy would contain overall goals and objectives for prevention, defense, and response; identification of roles and responsibilities of government activities; priorities; and conceptual approaches to implementing the strategy. It should also contain information that will be useful to departments and other activities for developing programs and budgets.

In further defining HLS strategy requirements, the Commission included the protection of the lives, welfare, and property of American citizens. It also determined that an effective strategy must ensure the integrity of the Nation's critical infrastructure—including communications, transportation, and financial networks—as well as essential public services such as power generation, sanitation, and health care. The USCNS/21 noted that, in many cases, critical interrelationships exist between elements of the infrastructure, and an attack on one—physical or cyber—could result in a cascade of adverse effects. And, Commissioners noted that effectively preventing, defending, or responding to threats to the homeland will require public-private partnerships, as well as complementary relationships between federal and state/local governments.

As noted earlier, the Commission found that the best approach to HLS is a layered strategy that "focuses first on prevention, second on protection, and third on response."<sup>7</sup> Because such a strategy will involve a number of agencies and departments, the Commission

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<sup>6</sup> This determination is predicated upon staff research, testimony before the Commission, interviews with functional area and regional experts, and the application of expert professional judgement.

<sup>7</sup> *Road Map*, p. 10.

recommended that the President oversee its development and establish HLS as a key Administration priority.<sup>8</sup>

## 2. Recommended Blueprint

Actions	Responsibility	Implementation Timeline
1. Appoint an interagency policy group, designate a chair, and provide initial guidance	President	Within 180 days of taking office
2. Develop and coordinate draft strategies within the interagency	Policy group chair	Within 60 days of receiving charter
3. Present strategy for approval to the National Security Council (NSC) <sup>9</sup>	Policy group chair	Within 120 days of receiving charter
4. Approve strategy and provide implementation instructions	President	Within 30 days of approving strategy
5. Prepare HLS implementation plans	Lead Agencies	Within 120 days of approval of the strategy
6. Direct periodic exercises and reviews	President/NSC	As appropriate

**Table 2. Illustrative Work Plan Comprehensive National HLS Strategy**

Implementation of this recommendation requires a Presidential directive. One option is for the President to direct the Assistant to the President for National Security Affairs (APNSA), and/or the Director of the National Homeland Security Agency (see Recommendation 2)<sup>10</sup>, or some other senior government official (such as the Vice President) to coordinate the development of a comprehensive strategy in the interagency and, as appropriate, with the civil sector.<sup>11</sup> Using this approach, a strategy could be prepared within 12 months (or less), and development could be accomplished concurrently with the implementation of other HLS recommendations.

A central question in terms of organization is whether a relatively small policy coordination committees (PCC) called for in National Security Presidential Directive (NSPD)-1 or whether a larger task force should be constituted. The challenges, risks, and equities involved

<sup>8</sup> It is worth keeping in mind that the process by which the strategy is prepared is nearly as important as the strategy itself. The preparation process facilitates exchanges of information that improve the abilities of participants to deal with HLS requirements and it helps establish networks of personal relationships that will improve response time in crises.

<sup>9</sup> Traditionally, the Executive Branch does not coordinate documents such as the National Security Strategy (NSS) with Congress. In this case, in order to improve actions following the approval of the strategy, it seems advisable for the Executive Branch to consult with appropriate members of the Legislative Branch during strategy preparation.

<sup>10</sup> The Commission's second recommendation provides for a National Homeland Security Agency to be built on the foundation provided by the Federal Emergency Management Agency (FEMA) and augmented with three existing border control organizations, *inter alia*, as well as additional organization focused on critical infrastructure protection. If this recommendation is adopted, then it would be reasonable to have the APNSA and the Director of the new agency jointly oversee the interagency process by which the overarching HLS strategy is prepared. Such an arrangement would do much to highlight the Director's position as the central HLS official. If recommendation 2 is not adopted, then the strategy should be developed under the guidance of the APNSA.

<sup>11</sup> Many homeland security experts believe that a public-private partnership between government agencies and commercial enterprises, which own and operate most of the critical infrastructure, is essential to eliminate seams that will otherwise present attractive targets.

seem to argue for a larger group that includes all organizations that will be affected if a HLS agency is constituted as called for in Recommendations 2 and 3.

Once developed and approved by the President, the HLS strategy provides the overall guidelines for department and agency strategies and plans and for interagency cooperation.<sup>12</sup> Like the National Security Strategy (NSS), unclassified portions of the HLS strategy (which would become part of the NSS) would be shared with Congress and the American public to improve inter-branch cooperation and increase public awareness. The HLS strategy should be linked to the national security planning guidance, described in Recommendation 14 by the Commission and addressed in the National Security Council Implementation Plan.

Table 2 summarizes actions in the strategy development chain. Initially, the President establishes a PCC using an authoritative document such as an Executive Order or a National Security Presidential Directive (NSPD). Although membership is likely to vary, a list of potential PCC members includes: the APNSA and members of the National Security Council staff with HLS responsibilities; the Director of the Office of Management and Budget (OMB); the Director of the Domestic Policy Council; Under Secretaries (or Justice Department equivalents) from State, Defense, Justice, Treasury, Health and Human Services (and its Centers for Disease Control), Commerce, Energy, Agriculture, and Transportation; and senior officials from the Federal Communications Commission (FCC), the Federal Aviation Administration (FAA), the Federal Bureau of Investigation (FBI), the Institute for Information Infrastructure Protection (I3P), the Federal Emergency Management Agency (FEMA), and the Intelligence Community. Special advisors to the working groups should include state officials and leaders of the business community.

Because of the broad spectrum of interests and vulnerabilities, the PCC will necessarily be large. To facilitate actual development and vetting of the strategy, one activity (e.g., the NSC staff or the National Homeland Security Agency) would collect input from the members and prepare a draft for circulation to the PCC. Smaller sub-PCC working groups could be constituted to focus on specific areas or functions. This approach is similar to that used by past administrations to prepare the NSS. Once vetted in the interagency (and with the private sector as appropriate), the draft strategy would be presented to the President for approval.

The approved overarching strategy serves as the basis for preparation of implementation plans and department/agency strategies.<sup>13</sup> A number of these will be prepared by individual activities, but some integrated planning will be required. A promising approach to integrated HLS planning is the process currently used by FEMA to prepare the annexes to the Federal Response Plan (FRP). In this process, FEMA identifies functional requirements (e.g., fire fighting, power generation, and providing emergency medical care) and specific departments or

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<sup>12</sup> One useful model is the relationship between the NSS and the National Military Strategy (NMS) and the Defense Planning Guidance (DPG). In this example, the NSS forms the basis for the Joint Staff to develop the NMS and for the Office of the Secretary of Defense to develop the DPG. The NMS and DPG are framework documents that establish strategic priorities and inform operational planning and programming and budgeting decisions.

<sup>13</sup> The previous Administration's Presidential Decision Directive (PDD)-63 is an example of an overarching directive that provides a policy framework and agenda; identifies goals and objectives; establishes offices to implement and oversee implementation; and lays out specific issues for consideration during implementation. It also prescribes an interagency planning framework for developing and implementing additional plans as directed by the PDD. The task force may find this document to be a useful model and should review PDD-63 to ensure that appropriate recommendations on critical infrastructure protection are incorporated into the new strategy. However, care should be taken not to rely on classified PDDs in lieu of clear strategic direction.

agencies agree to take responsibility for preparing each annex. Other departments and agencies sign on to support the efforts of the lead agencies, most often those with vested interests in the functional area or those who will be required to render support if an emergency arises. The annexes become part of the FRP, and the preparation process ensures that all involved are aware of their responsibilities.<sup>14</sup>

Once approved by the office designated by the President as having overall HLS responsibility, the strategy and implementation plans should be exercised periodically through gaming and simulation. Based on these exercises, appropriate revisions can be made to both the HLS strategy and its implementation plans. The Department of Defense conducts routine interagency plans exercises, as does FEMA. The approaches used by these entities could serve as the model for exercising HLS plans.

**3. Process Implications.** Organization of the PCC should be based on the Administration's interagency process (i.e., National Security Presidential Directive-1). For a detailed business process map, please refer to Appendix C.

**4. Personnel Implications.** Although not necessary, a small permanent staff to assist the working groups and to maintain continuity could be formed, drawing upon the interagency for membership. If the NHSA is chartered, a staff director and some key members could be drawn from this agency since it will play a central role in implementing the strategy.

**5. Issues.** Taken in conjunction with Recommendation 2 (establishing a National Homeland Security Agency) and Recommendation 3 (transferring organizations to the new agency), development of a comprehensive strategy presents unique opportunities. First, it allows the Executive Branch to design an organization that is structured and resourced to carry out the HLS strategy, rather than attempting to adapt existing structures that may have little experience in HLS matters. Second, it emphasizes the Administration's high-priority commitment to HLS as a complete function, instead of discreet activities that are only occasionally synchronized—usually under circumstances requiring an immediate response when it is too late to prevent or defend against threats. Developing a comprehensive strategy before hand offers a better chance of preventing attacks on the homeland by creating a synergy between key elements of the government. Such a strategy will also enable the Administration to orchestrate a more effective defense against attacks should prevention fail and a more effective response should that be necessary. Having a comprehensive strategy in place may, in itself, have deterrent value, although as is the case with most deterrents, that value will be difficult to quantify.

There are few impediments to creating a HLS strategy. The most significant will be found in bureaucratic resistance to changing the *status quo*. A comprehensive strategy is likely to include provisions that reorder priorities and/or change resource allocation agreements. Many are likely to see such changes as threats, or a zero sum game in which some gain at the expense of others. Under such circumstances, bureaucracies tend to employ tactics that can delay or derail needed improvements, including strategies and plans. To the extent that senior government officials accept HLS as a primary concern, this resistance can be minimized and managed. However, gaining buy-in from the bureaucracy will require top-down leadership from senior officials and meaningful incentives for change. Unless this is forthcoming, some officials,

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<sup>14</sup> Noteworthy in the FRP model is that the American Red Cross, a non governmental agency, participates in the planning process. This example could serve to include other non government entities in HLS planning.

concerned about the risks of change or the loss of stature, are likely to employ tactics of malicious compliance. There is a danger that those who wish us harm could equate confusion over developing and/or implementing a strategy with weakness and seek to exploit it.

Issue	Approach
Bureaucratic resistance based on perceptions of risk and/or loss of stature.	Reaffirmation of HLS as an Administration high-priority issue and top-down leadership coupled with meaningful incentives.

**Table 3. Impediments to Strategy Development**

**6. Implementation Means.** Presidential directive (e.g., NSPD; Executive Order; verbal instructions); draft language is attached. (It is noteworthy that the House of Representatives will consider legislation this year (HR 525) that would, if enacted, require the Administration to develop a comprehensive HLS strategy.)

**B. Creating a National Homeland Security Agency and Enhancing its Capabilities**

***Recommendation 2: The President should propose, and Congress should create, a National Homeland Security Agency (NHTSA) with responsibility for planning, coordinating, and integrating various U.S. government activities involved in homeland security. The Federal Emergency Management Agency (FEMA) should be a key building block in this effort.***

***Recommendation 3: The President should propose to Congress the transfer of the Customs Service, the Border Patrol, and the Coast Guard to the National Homeland Security Agency, while preserving them as distinct entities.***

**1. Background.** Recommendations 2 and 3 are closely linked to Recommendation 1 (development of a comprehensive HLS strategy) and to each other.<sup>15</sup> (See the accompanying organization chart for a depiction of the agency after implementation of Recommendation 2 and Recommendation 3.)

In its discussion of the three-layered strategy, the Commission noted the complexity of HLS requirements and the widely dispersed location of the capabilities to satisfy those requirements within the government.<sup>16</sup> It concluded that there is a critical need to be able to oversee the implementation of strategy and policy, and that capability should reside in one organization, with one person "responsible and accountable to the President."<sup>17</sup> Although the NSC might be able to coordinate HLS strategy and policy making, it is neither designed nor staffed to supervise implementation and increasing its size and capabilities to do so is counter to

<sup>15</sup> In fact, Recommendation 2 will be less effective unless Recommendation 3 is adopted also, and Recommendation 3 cannot be implemented unless Recommendation 2 is adopted because there will be no overarching agency to which activities can be transferred.

<sup>16</sup> The three layers are: *prevent* attacks on the homeland; *defend* against attack when prevention is not possible; and *respond* to attacks if they occur to control damage and speed the return to normalcy.

<sup>17</sup> *Road Map*, p.14.

other Commission recommendations.<sup>18</sup> Under these circumstances, the Commission recommended that a new organization—the National Homeland Security Agency (NHSA)—be created. The NHSA, as envisioned by the Commission, will be based on FEMA, but will substantially expand FEMA's responsibilities and capabilities. Its director will be confirmed by the Senate, will be a member of the President's cabinet, and will be a statutory advisor to the NSC.<sup>19</sup> Commissioners envisioned that this new organization would be empowered by Congress to serve as the "focal point for all natural and manmade crisis and emergency planning scenarios."<sup>20</sup>

The USCNS/21 also noted that the United States' borders are porous. There are literally hundreds of ports of entry—both land and sea—through which terrorists and weapons of mass destruction (WMD) can infiltrate the American homeland. Although there are agencies charged with responsibility for the nation's borders, to be effective against 21<sup>st</sup> Century threats, their activities must be better integrated. The Commission noted in its final report that the three organizations with primary responsibility for patrolling and policing borders are apportioned across three cabinet-level departments. This dispersion constitutes an obstacle to better integration and closer coordination.

Currently, the U.S. Coast Guard (USCG) is an arm of the Department of Transportation; the Customs Service is part of the Department of the Treasury; and the Border Patrol is a subordinate agency of the Immigration and Naturalization Service within the Department of Justice. The dispersal of these organizations among different departments makes communication and the ability to leverage their capabilities cumbersome in a strategic environment where it must be expeditious. There are also indications that these organizations are often viewed as ancillary to department core competencies. Thus, they receive less attention and fewer resources at a time when their proficiency is critical.

To improve U.S. ability to protect and police its geographic borders the USCNS/21 recommended transferring the USCG, the Customs Service, and the Border Patrol to the NHSA once it is established. The organizations would remain intact following the transfer. However, moving them to the agency charged with homeland security as its primary mission would improve the synergy between them and reinvigorate their individual capabilities and capacities by ensuring that adequate resources were available. Because some functions could be consolidated as a result of the transfer (e.g., some aspects of training and aircraft, ship, and vehicle maintenance) and procurement standardized for some items (e.g., sensors, information technology, command and control communications, and data bases), substantial efficiencies are likely to result from the transfer. Conversely, because each organization performs functions that are not necessarily part and parcel of HLS, provisions must be made for continued performance of those activities under the original organizations.<sup>21</sup>

Ultimately, the transfer will ensure more effective border control and better support for legitimate commercial activities, while simplifying oversight and budgetary matters. The NHSA

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<sup>18</sup> See the Commission's *Road Map* Recommendation 16, p. 51.

<sup>19</sup> Currently, there are two statutory NSC advisors: The Chairman of the Joint Chiefs of Staff (CJCS) and the Director of Central Intelligence.

<sup>20</sup> *Road Map*, p. 14.

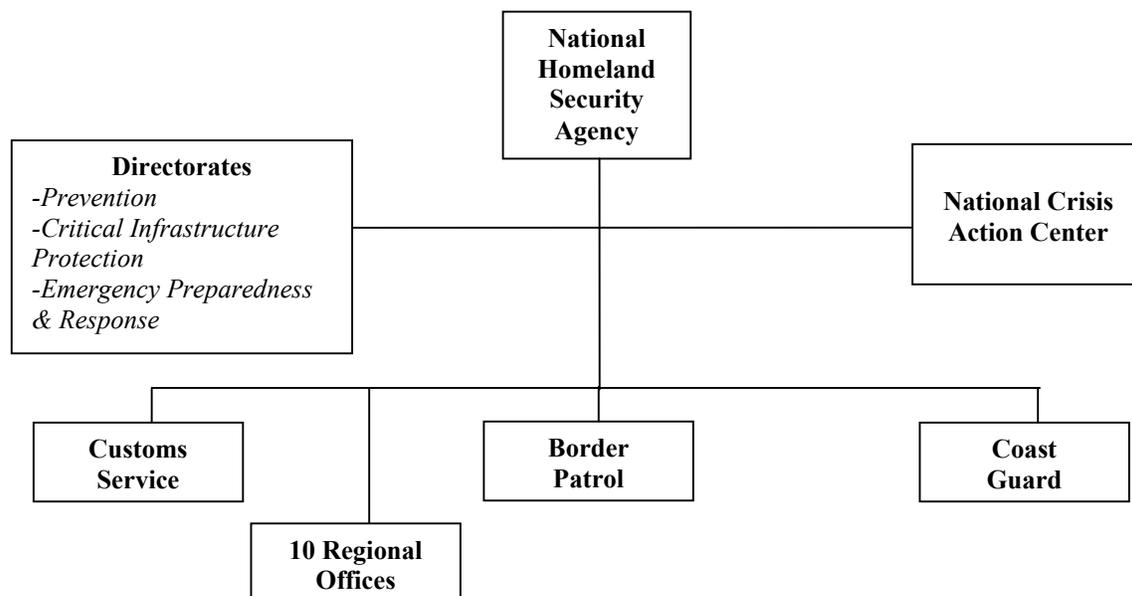
<sup>21</sup> For example, the USCG is responsible for boating safety and the Customs Service is responsible for collecting revenues and developing customs policy. The Departments of Transportation and Treasury should retain these functions.

should conduct a threat-requirements-capabilities study following transfer to identify areas that require recapitalization and take the appropriate programmatic and budgetary actions.

In addition to the three large organizations, five smaller organizations are dispersed among several government activities and should be consolidated into the NHTSA. Four of these organizations should be placed under the direction of the Directorate for Critical Infrastructure Protection (CIP) (see Figure 1). These include:

- the Information Sharing and Analysis Centers (ISAC), committees designed to improve information exchanges between the public and private sectors in order to improve information security;
- the Critical Infrastructure Assurance Office (CIAO), a Commerce Department entity that is responsible for raising awareness of cyber threats;
- the Institute for Information Infrastructure Protection (I3P), which coordinates and supports cyber security research and development; and
- the National Infrastructure Protection Center (NIPC), a joint entity housed in the FBI that gathers information and provides warnings of cyber attacks.

The fifth organization, the National Domestic Preparedness Office (NDPO), is currently a subordinate element of the Federal Bureau of Investigation. It should also be transferred to the NHTSA and tasked with training first responders at the state and local levels to deal with the consequences of attacks using weapons of mass destruction. It should also be responsible for identifying requirements and capabilities, and, in doing so, for providing state and local authorities with the appropriate equipment necessary for consequence management. The Directorate of Emergency Preparedness and Response would oversee its activities.



**Figure 1. The National Homeland Security Agency**

Once the Customs Service, the Border Patrol and the Coast Guard and the other activities are incorporated into the NHSA, the agency will become the overarching structure for homeland security functions. As described in *Road Map for National Security: Imperative for Change*, the staff directorates will oversee planning, coordinating, and the activities of subordinate organizations (and those who may come under NHSA control in times of emergency).<sup>22</sup> Accordingly, the Directorate of Prevention will oversee border security; the Directorate for CIP would have responsibility for reducing cyber threats; and the Emergency Preparedness and Response Directorate will oversee preparedness and response activities to include training and operations. Although not shown in the diagram, NHSA will have a science and technology office to advise agency officials with respect to research and development.

The National Crisis Action Center (NCAC), a subordinate activity of the Directorate for Emergency Preparedness and Response, will become the focal point for response during homeland security events and is critically important during emergencies. The center will be responsible for monitoring emergencies and coordinating support for state and local governments and the private sector. A full-time interagency staff will man the NCAC. The center must be able to communicate and coordinate with the ISACs, the National Military Command Center, Joint Task Force Civil Support, state and local governments and other critical activities in real time.

Liaison and command and control arrangements with other Executive Branch activities, especially DoD, are critical for effective prevention, defense, and response. A strong liaison and command and control system will facilitate exchange of information and matching requirements with capabilities, and should be a fundamental consideration during the planning phase. As a minimum, NHSA should have liaison centers with counterterrorism activities in the Federal Bureau of Investigation and the Central Intelligence Agency.

<sup>22</sup> See *Road Map* pp. 14-25.

Prevention of attacks on computer-dependent critical infrastructures (such as common services, communications, transportation, banking, finance, and energy systems) is particularly important. The NHTSA's CIP directorate will assume responsibility for this function, including both government and private systems. Specifically, the CIP directorate will oversee physical assets and information networks and the CIP director will serve as the Critical Information Technology Assurance and Security Office (CITASO) to coordinate efforts to prevent and/or defend against attacks on critical infrastructure. In order to fulfill these responsibilities ISACs, the CIAO, the NIPC, and the I3P should be incorporated into the NHTSA, and CIP directorate should be given oversight of their activities.<sup>23</sup>

**2. Implementation Blueprint.** The NHTSA, when operational, will help ensure that critical homeland security activities are consolidated to improve their effectiveness and to help ensure the objectives of the three-layered strategy are achieved. Although new agencies can be created by Executive Order, the scope of the NHTSA's activities, the need to have its director confirmed by the Senate, the requirement to have it funded by Congress as an independent agency, and the proposed structure of the new organization suggest that a better approach would be to create the organization by Act of Congress.<sup>24</sup> Congressional involvement at the start increases the chances that the organization will receive the support that it needs in the crucial early years of its existence. Even though the Congressional process will require more time (and more compromises) than an Executive Order, its advantages appear to offset the delay that could occur in the committee and conference processes.

The first step is to establish an interagency task force to develop a detailed reorganization plan that will serve as the basis for legislation and for implementation of that legislation.<sup>25</sup> Legislation, once enacted, will provide a charter, a broad organizational concept, and the authority for the agency to undertake certain tasks. However, it is not likely to provide enough detail to permit orderly shifts of responsibilities, assets or resources, nor will it provide guidance on administrative and logistics requirements. The interagency task force should be chaired by a senior official from the Executive Office of the President (EOP) and be empowered to draft a plan that assigns responsibilities and milestones for implementation.<sup>26</sup> Because transfer will involve bureaucratic territorial issues, the principal responsible for preparing the reorganization plan and the legislative package must be seen as impartial and with access to the President by all those concerned.

The task force should also begin the process of developing policy and procedures for NHTSA operation, and it should consult closely with the interagency team that is preparing the comprehensive HLS strategy (see Recommendation 1, discussed in the previous section). As part of its activities, it should identify early on secondary missions for the NHTSA and potential

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<sup>23</sup> Presently, the CIAO is a subordinate element of the Commerce Department and NIPC is under the auspices of the FBI.

<sup>24</sup> For example, as noted in Recommendation 3, the NHTSA will include three existing activities that currently belong to other Departments. Transferring those activities will require legislation, and Congress is more likely to enact that legislation if it is involved in creation of NHTSA at the outset.

<sup>25</sup> This follows the model used in the establishment of both the Department of Energy and FEMA.

<sup>26</sup> When FEMA was originally established, OMB chaired a team (composed of representatives from affected agencies) that prepared a comprehensive reorganization plan for the President on a six-month time schedule. Among other things, the plan identified the programs and the amount of overhead that would be transferred to FEMA. Once prepared, the plan was submitted to Congress for approval. Once approved, OMB prepared and signed the determination order, which specified the personnel, funds, and equipment that would be transferred to FEMA and the President signed two Executive Orders to start up FEMA and to execute OMB's reorganization plan.

unintended consequences of the reorganization strategy. The reorganization plan produced in this step should be convertible to an Executive Order when establishment legislation has been enacted. The reorganization plan should also include provisions for organizational transfers as called for in Recommendation 3.

At the outset, the task force should review the lessons and experiences from other agencies. Two of the most recent are the Department of Energy and FEMA, both established during the Carter Administration. Slightly different methods were used for each organization, and the task force may find useful precedents. This review could be done under the auspices of the OMB; although the actual research could be outsourced to the private sector or to a Federally Funded Research and Development Center (FFRDC).

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
1. Establish interagency task force to develop a reorganization plan and legislation creating NHTSA	President establishes by Executive Order; task force should be chaired by OMB or another Executive Office of the President activity.	Within 2 months of decision to establish NHTSA—Providing current legislation does not pass
2. Review lessons from previous department/agency establishments	OMB and/or Office of the Director of FEMA <sup>27</sup>	Within 3 months of decision to establish NHTSA
3. Identify stakeholders and analyze their positions and interrelationships; prepare strategy for building support and managing objections	OMB, NSC Staff, White House Congressional Liaison, FEMA, joining organizations <sup>28</sup>	Within 4 months of the decision to establish NHTSA
4. Consult with key Members of Congress and their staffs	NSC Staff and White House Congressional Liaison	As soon as possible after decision to establish NHTSA
5. Vet interagency task force reorganization plan	Task Force Chair	Within 3 months of first task force meeting
6. Submit reorganization plan and proposed legislation to Congress for approval	Executive Office of the President	Within 6 months of first task force meeting
7. Revise reorganization plan based on Congressional approval and submit revised reorganization plan to the President for approval	Task Force Chair	Within 2 months of receiving Congressional approval
8. Approve plan and sign executive order directing implementation	President	As soon as possible following receipt of reorganization plan from the task force
9. Oversee implementation of reorganization plan	OMB	Over a period of 1 year
10. NHTSA declares agency fully operational	NHTSA Director	Within 1 year following issuance of the Executive Order
11. Assess requirements and capabilities of transferred organizations and allocate resources as appropriate	NHTSA Director	For inclusion in the budget prepared after one full year of NHTSA operation.

**Table 4. Illustrative Work Plan for the National Homeland Security Agency**

In conjunction with this step, OMB, the NSC Staff, FEMA, and the White House Congressional liaison office should identify stakeholders and analyze their positions. Stakeholders in this case include all organizations likely to be affected by the establishment of NHTSA; the transfer of organizations to it; and Members of Congress, key Congressional staffers,

<sup>27</sup> From the outset, an entity within the Executive Office of the President (EOP) should be charged with preparing a reorganization plan and overseeing the course of that plan from draft, through Congressional deliberation, through full implementation. Alternatively, a non-EOP organization (such as FEMA) might be selected for this task; however, other organizations with stakes in the reorganization are likely to regard an entity with a clear interest in the outcome with mistrust.

<sup>28</sup> See Recommendation 3.

and non-government entities. This analysis will determine where support lies for creating the NHTSA, where there is opposition, and where there are neutrals that might be turned into allies. For each of these categories, a strategy for enhancing support and/or minimizing opposition should be developed and implementation responsibilities assigned. This step is potentially more critical for the transfer of organizations than it is for creating the NHTSA because more is at stake for both gaining and losing organizations and Members of Congress who may lose oversight authority. The value of building and managing stakeholder support should not be underestimated under these circumstances, and it should begin as early as possible in the process.

As the process takes shape, the Executive Branch should begin consultations with selected Members of Congress and their staffs to identify legislative champions.<sup>29</sup> These consultations should be bipartisan and focus on determining the best possible organizational structure. Because existing organizations are to be transferred to the NHTSA once it is established, Committee of Jurisdiction Chairs and Ranking Members who currently have oversight of those organizations must be included in all consultations.<sup>30</sup>

Apart from Appropriations, at least six Congressional Committees (and relevant Subcommittees) are currently involved in oversight of the USCG, the Border Patrol, the Customs Service, and the other activities discussed above.<sup>31</sup> Enacting transfer legislation will require the approval of each of these Committees, as well as the entire House and Senate. Many of those on Capitol Hill with an interest in any of these organizations are influential enough to block or delay passage of necessary legislation unless persuaded to act differently. Some will see the transfers as a loss of power if they perceive that once transferred, the organizations will fall under the jurisdiction of different Committees. To the extent possible, these concerns should be addressed by the Administration's reorganization plan and/or accommodated during negotiations once legislation is submitted.

The task force must consider a number of issues as it develops the transformation plan. It must examine the roles and missions of the new organization and those organizations that will join it. In doing so, it must consider which functions, if any, will remain with the organizations from which transferred activities come. For example, the USCG contributes substantially to border security, but it is also involved in other activities such as search and rescue at sea and enforcing maritime safety regulations. The task force must determine whether those activities will transfer with the USCG, or remain in the Transportation Department. These sorts of considerations have mission, function, and budget implications that cannot be ignored.

Transfer of assets and organizational entities to the NHTSA should occur according to the schedule provided with the task force's reorganization plan. A crucial step for the transfer is to

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<sup>29</sup> Because Committee Chairs have a great deal of influence over the consideration of bills in committee, and the leadership has authority over consideration of marked-up legislation on the floor, it is important to find Congressional champions among the leadership of both chambers.

<sup>30</sup> Language to create the NHTSA will be introduced in the House of Representatives during this session of Congress by Rep. Mac Thornberry (R-TX). Although this legislation may eventually pass both chambers, the Executive Branch should act immediately to consult with Mr. Thornberry and other interested parties on Capitol Hill to assist in its passage and to shape amendments as necessary. The fact that legislation has been introduced does not obviate the need to examine the lessons of the past or to conduct a thorough stakeholder analysis.

<sup>31</sup> Committees of Jurisdiction include Senate Committee Finance; Senate Committee on the Judiciary; Senate Committee on Commerce, Science, and Transportation; House Committee on Ways and Means; House Committee on the Judiciary; House Committee on Transportation and Infrastructure. A transfer resolution would most likely have to survive each of these Committees before it would be reported out for a floor vote.

allocate sufficient real estate and facilities to accommodate the new organization and its missions. The effectiveness of the NHTSA will be decreased and the required start-up and transition periods increased if new the agency headquarters is spread among several office buildings or, worse, separate geographic locations.<sup>32</sup> Finding sufficient space to house the entire agency may require relocation of other government activities, and provisions for this should be included in the reorganization plan. Consideration should also be given to locating the NHTSA in a facility that is physically secure, perhaps on a nearby military reservation. Once it is operational, it will become a lucrative, high-value target for terrorists.

Another crucial consideration is staffing. NHTSA as described by the Commission will incorporate FEMA and other organizations and activities intact. However, some consideration must be given to ensure that there is adequate staff to provide oversight of all aspects of NHTSA, including transferred organizations. The existing FEMA structure lacks sections and personnel with the knowledge and experience to provide oversight of activities merging into NHTSA from the Departments of Justice, Transportation, and Treasury. Thus provisions must be included for staff to permit the NHTSA headquarters to exercise oversight and due diligence.

The task force must also consider the manner in which the NHTSA will interact with other government and non-government organizations. The NHTSA will be represented at the NSC Principals' and Deputies' Committees, and it should be a regular participant in intelligence community activities. The processes by which this interaction will be carried out are important and if they deviate from the standard interagency processes, appropriate provisions must be made in the transition plan.

The reorganization plan crafted by the interagency task force should contain transition schedules noting the dates by which specific NHTSA functions will become operational. It is unrealistic to expect that the new agency will be instantaneously fully functional, and while some activities that were performed by FEMA will continue uninterrupted in the new organization, there will be a delay in performing other activities. Because all of the activities transferred into NHTSA are vital to the security of the nation, reasonable transition schedules will allow organizational assimilation by NHTSA without degrading quality or performance.

Once the draft reorganization plan has been prepared, it should be vetted within the interagency and become a subject for continued consultation with Members of Congress and their staffs. After revision based on this coordination, the plan should be included in the legislative package sent to Congress by the President, and key Administration officials should be prepared to testify in support of the transfers.

It is likely that the legislation that is finally passed by Congress will differ somewhat from the Administration's proposals. If the differences are significant and apt to be deleterious, then it may be appropriate to advise the President to veto it. However, if properly supported by the Administration, it is probable that resulting legislation will make some modifications but adhere to the underlying transfer concept. The Administration's reorganization team should be prepared to accommodate those changes in the reorganization plan.

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<sup>32</sup> Although operational activities should properly remain in the field, headquarters and command and control elements should be centralized for optimum value.

When modifications based on approved legislation have been made, the reorganization plan should be presented to the President together with appropriate Executive Orders directing implementation. The chair of the reorganization task force should be responsible for overseeing implementation according to milestones included in the final reorganization plan.

Once implementation is complete and the organizations have been transferred to NHTSA, the director of NHTSA should undertake a requirements-to-capabilities review to determine gaps in effectiveness. The Commission noted several improvements necessary to strengthen the USCG, the Border Patrol, and the Customs Service once transferred. These include improved and upgraded equipment. An NHTSA assessment of requirements, capabilities, gaps and redundancies will enable the agency to identify shortcomings, prioritize them, and include them in the first budget prepared following one year of operation.

**3. Process Implications.** All of the organizations that will be incorporated within the NHTSA will have different process requirements. Some interface only with other government organizations, while others interface with both public and private sector activities. The cultures of each organization are different and there is a potential for these differences to be disruptive. The NHTSA must use a collaborative approach to designing internal processes that will take activity preferences and needs into account, and this should be one of the new agency's first undertakings. Insofar as possible, organizations that are folded into the NHTSA should be allowed to retain legacy processes for internal management.

The NHTSA should use established interagency processes to govern its relationships with other Federal government activities wherever possible, and processes described by OMB for preparing and submitting its budget. Its relations with state and local governments should be in accordance with the processes and procedures employed by FEMA to avoid confusion and simplify interaction from the outset. For a detailed business process map, please refer to Appendix C.

**4. Personnel Implications.** Agency personnel allocations will be as specified in the annual budget once enacted into law. Transfer of activities into NHTSA from external activities must include sufficient oversight and overhead staff. Transfers of adequate oversight and administrative personnel may prove troublesome. This is likely to be true especially if some traditional functions of transferred agencies remain with their original organizations. Should that be the case, then the retaining organization may argue that it needs to keep a portion of the oversight structure in order to accomplish retained missions satisfactorily.

In addition, the new directorates within NHTSA will require staffing at some level adequate enough to ensure the objectives of creating NHTSA and transferring organizations into it are achieved. HLS is a complex mission area—unless the NHTSA is adequately staffed it is not likely to be capable of meeting expectations.

As the personnel allocation plan is formulated, consideration must be given to staffing the NHTSA's planning cell adequately. A key feature of the NHTSA will be its ability to prepare and oversee the preparation of myriad plans that will enable the HLS strategy to be effectively implemented. Unless personnel allocations include sufficient experienced planners, the ability of NHTSA to fulfill this requirement will be limited.

**5. Issues.** Taken in conjunction with Recommendation 1 (developing a comprehensive strategy), Recommendations 2 and 3 present unique opportunities. First, they allow the Executive Branch to design an organization that is specifically structured and adequately resourced to carry out the HLS strategy. This appears preferable to parceling out responsibilities among a number of departments and agencies, given the nature of the threat and the need to prepare for it promptly. Second, it emphasizes the Administration's high-priority commitment to HLS as a holistic function, instead of discrete activities that are only occasionally synchronized—usually under circumstances requiring an immediate response when it is too late to prevent or defend against threats.

Although the Federal government ultimately will be responsible for creating NHTSA, officials in Washington should enlist the aid of state and local authorities (e.g., the National Governors Association) to facilitate support in Congress. Without Congressional support and the willingness of Committee chairs to relinquish control over activities that will be incorporated into NHTSA, the Administration will have difficulty in acquiring the necessary legislation.

As noted in Recommendation 1, there will be bureaucratic resistance to changing the *status quo*. A new organization will result in the restructuring of other organizations and the reordering of priorities and resource allocation agreements. Many are likely to see such changes as a zero sum game in which some gain at the expense of others. This will lead to tensions between the activities involved that must be carefully managed. Government bureaucracies and their supporters on Capitol Hill may employ tactics that can delay or derail NHTSA establishment unless the White House intervenes.

Culture clashes between residual FEMA staff and personnel from activities that are joining NHTSA should not be underestimated. They can cause confusion, lower morale, and reduce effectiveness. Organizations such as the Border Patrol, Customs Service, the Coast Guard and other transferred activities have well-established, sophisticated cultures that are different from each other and different from FEMA. They have also had different responsibilities in the past. These cultures dictate to a large extent the way these organizations perceive the world, the manner in which they approach decision making, and their expectations concerning their roles and missions, *inter alia*. Changes in cultures together with changes in missions and operating requirements will be traumatic.

Accommodating cultural predilections will be difficult, but unless and until done, NHTSA will not operate effectively and its leadership will spend inordinate amounts of time focused on internal squabbles. The NHTSA leadership should take care, first, not to impinge on existing organizational cultures unless it is necessary to do so. Organizations with different cultures can coexist productively, and it is not necessary to force them into the same mold in each and every activity. However, when it is necessary to modify the cultures of individual member organizations to improve the operations of the whole, ameliorating potential disruptions will depend on accommodation.<sup>33</sup> As the NHTSA begins to develop its internal processes and procedures, it should establish task forces composed of all entities that will comprise the agency. These task forces should be structured along functional lines and be charged with developing methods of doing business that take cultural preferences into account. An integration group

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<sup>33</sup> For example, NHTSA will develop a central budget and that is likely to require organization-wide processes to assist in the development. In all probability, this would require modifications in the ways that member organizations make resource allocation decisions and prepare their budget submissions.

composed of senior officials from each subordinate organization should oversee functional task force efforts and craft appropriate agency-wide processes and procedures.

During the creation of FEMA, overhead requirements were contentious and under estimated by a wide margin. According to a FEMA reorganization participant, this occurred because those organizations tapped to provide functions to FEMA went to great lengths to avoid doing so.<sup>34</sup> Bureaucratic maneuvering and willingness to contest analyses that identify overhead requirements may cause substantial delays. In the end, it may result in a new agency that is unable to exercise appropriate oversight or to support the activities and functions in its charter. At the extreme, a new agency could be rendered so ineffective that is disestablished.

Preventing these sorts of problems in NHSA will require continuous involvement by the reorganization team's chair and frequent reviews. The team chair must also select an independent activity credible to all participants to conduct analyses of overhead requirements. These analyses must be thorough and must be supported by the team chair.

Issue	Approach
1. Bureaucratic resistance based on perceptions of risk and/or loss of stature	Top-down leadership throughout all phases of the establishment process
2. Cultural clashes between subordinate elements of the new NHSA	Collaborative crafting of operational methods, processes, and procedures
3. Tendency to minimize overhead requirements	Forceful intervention by the reorganization team chair and thorough independent analyses of overhead requirements

**Table 5. Impediments to Establishing NHSA**

**6. Implementation Means.** Implementing this recommendation will require a combination of legislation and Executive Orders. Legislation has already been introduced in the House of Representatives that, if passed and signed into law, will satisfy Congressional requirements. If this legislation fails or is substantially modified, the Administration should develop a legislative package and forward it to Congress in accordance with the time schedule contained in the blue print. The Executive Orders to implement this legislation within the Executive Branch should be drafted by the reorganization team.

### C. Improving Homeland Security Intelligence

**Recommendation 4:** *The President should ensure that the National Intelligence Council: include homeland security and asymmetric threats as an area of analysis; assign that portfolio to a National Intelligence Officer; and produce National Intelligence Estimates on these threats.*

**1. Background.** As the Commission noted in its reports, high quality intelligence estimates are essential to preventing and defending against attacks. The National Intelligence Council (NIC) can play an important role in providing that intelligence. The NIC responds

<sup>34</sup> Interview with Mr. William R. Cumming, February 6, 2001. Mr. Cumming was a member of OMB's reorganization team for FEMA (ca. 1974-1978).

directly to the Director of Central Intelligence (DCI) and functions in a sense as the DCI's "think tank." A small, bureaucratically flat organization, the NIC consists of a Chairman, a Vice Chairman, and approximately 12 National Intelligence Officers (NIOs).<sup>35</sup> Each NIO has a deputy and a small staff that is typically composed of career intelligence officers.

NIOs include career intelligence officers as well as experts appointed to the Council from academia and the private sector. NIOs act as functional or regional advisors to the DCI and senior policy makers throughout the government. They produce National Intelligence Estimates (NIEs) which are authoritative documents coordinated across the intelligence community, and which draw on a variety of sources. It is through the NIEs that the NIC influences policy and strategy within the government.

**2. Implementation Blueprint.** This recommendation may be implemented without legislative action. The President simply directs the DCI to make HLS and asymmetric threats a priority and assign that portfolio to an NIO. The DCI has wide latitude in overseeing the NIC. Title 50, United States Code, empowers the DCI to adequately staff the NIC (without specifying the number of staff members), and neither Title 50 nor any existing Executive Order restricts the number of NIOs nor the areas they must cover. However, to make the mission an enduring one, an Executive Order should be issued by the President directing the DCI to incorporate HLS as a priority requirement.

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline<sup>36</sup></b>
1. President directs DCI to include HLS as a priority area; assign it to an NIO; and develop NIEs	President	At the President's discretion
2. DCI determines the best method to implement Presidential guidance	DCI	In accordance with the President's instructions
3. DCI consults with Congressional Select Committees on Intelligence	DCI	As appropriate
4. DCI staffs position and provides NIE guidance	DCI	As appropriate
5. NIO produces NIE	NIO	Approximately 2 months following appointment

**Table 6. Illustrative Work Plan for the National Intelligence Council**

In order to carry out the President's directive, the DCI could assign the HLS and asymmetric threat portfolio to one of the existing NIOs, and increase that NIOs staff appropriately, or he/she could create a new NIO position. Since existing NIOs already have substantial workloads, creating a new position may be the better option, and would ensure full time attention.

<sup>35</sup> The Vice Director oversees NIC staff elements for evaluation; outreach and strategic planning; and senior review, production, and analysis.

<sup>36</sup> The timeline is notional and will be affected by Administration priorities, the time required to establish the position and adequately staff it, and other factors.

Once an NIO is designated and assigned HLS responsibilities, he/she and the staff can begin preparing NIEs almost immediately. Initially, the length of time required to develop information and transform it into an NIE will depend on the experience and skill of the NIO and the staff. Once developed by the NIO, NIEs are coordinated across the Intelligence Community. Intelligence activities may concur with the NIOs findings, offer comments to improve the value of the document, or explain why they disagree. Completed NIEs are provided to senior officials with appropriate security clearances and the need to have the information.

Although there appears to be no requirement to involve Congress in this decision, it seems appropriate to consult the House Permanent Select Committee on Intelligence and the Senate Select Committee on Intelligence during the process by which the NIO is created and staffed. Consulting with the Committees enables them to advise the DCI on their preferences and will facilitate dealing with the Committees on HLS matters in the future.

**3. Organization and Process.** There are no significant changes to NIC organization or processes.

**4. Personnel Implications.** A relatively small increase in NIC size of approximately 10 personnel will be required to implement this recommendation.

**5. Issues.** There are no significant impediments or other issues in implementing this recommendation. As noted in the discussion of the blue print, the Administration should consult with the appropriate Congressional Committees to ensure it understands (and where possible, accommodates) their concerns.

**6. Implementation Means.** Presidential directive (e.g., NSPD; Executive Order; verbal instructions); draft language is attached in Appendix B.

#### **D. Establishing an Assistant Secretary of Defense for Homeland Security**

***Recommendation 5: The President should propose to Congress the establishment of an Assistant Secretary of Defense for Homeland Security within the Office of the Secretary of Defense reporting directly to the Secretary.***

**1. Background.** The Commission notes that DoD has a significant role to play in HLS; however, no single office has responsibility for coordinating and overseeing the department's HLS capabilities. For example, there is an Assistant to the Secretary of Defense who has responsibility for support involving WMD events, while the Army's Director of Military Support is responsible for non-WMD contingencies. The diffuse nature of responsibilities and the lack of an office with oversight of all HLS support activities suggest that lines of authority and accountability are blurred.

Creation of an Assistant Secretary of Defense for Homeland Security (ASD (HLS)) would centralize policy oversight and improve coordination within the Department of Defense and between DoD and the interagency. The ASD (HLS) would ensure that HLS considerations are included in military planning and are adequately addressed during Planning, Programming and Budgeting System (PPBS) processes. He/she would also have responsibility for establishing

crisis action coordination procedures within the department to support more effectively during emergencies. The ASD (HLS) would also represent the Secretary of Defense in interagency HLS processes and with NHTSA officials.

Precedents for creating the Office of ASD (HLS) include the establishment of the office of the Assistant Secretary of Defense for Special Operations and Low Intensity Conflicts (ASD (SOLIC)) by the 1987 Cohen-Nunn Amendment to the Goldwater-Nichols Defense Reorganization Act of 1986. ASD (SOLIC) was organized to ensure that special operations and low intensity conflict were assigned an appropriate priority by the military and resourced accordingly.<sup>37</sup> The office of the ASD (SOLIC) has provided the guidance and oversight envisioned by the Congress to a large extent.

**2. Implementation Blueprint.** Section 138 of Title 10, United States Code (U.S.C.), authorizes nine Assistant Secretaries of Defense. Section 138 specifies titles and responsibilities for four of the Assistant Secretaries and allows the Secretary of Defense latitude with respect to the others.<sup>38</sup> If the Secretary of Defense elects to do so, he could establish an Office of ASD (HLS) by abolishing one of the existing offices and establishing ASD (HLS) in its stead.<sup>39</sup> Alternatively, he could seek an amendment to Section 138, Title 10 U.S.C. to authorize 10 ASDs and include the ASD (HLS) among the specified ASDs. If he selects the first alternative, he has more latitude in prescribing duties for the ASD (HLS), at least initially. On the other hand, if he elects to ask Congress to create the position, there is a risk that Congress will determine at least some of the duties as part of the bargain. (Draft language creating the position in law is included in Appendix B.)

Once created, the Secretary of Defense can staff the office from within existing manpower allocations or request additional allocations from Congress as an increase in the Department's end strength. The office is likely to be up and running more quickly if staff is drawn from existing full time equivalent (FTE) allocations than if the department asks for a personnel increase specifically for the Office of ASD (HLS). Requesting additional manpower from Congress for the ASD (HLS) is also likely to limit staffing flexibility.

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<sup>37</sup> ASD (SOLIC) was created together with the U.S. Special Operations Command (USSOCOM) to which all special operating forces were assigned. Unlike other Unified Commands, USSOCOM has its own budget. While the USCNS/21 envisions strengthening the HLS capabilities resident in the United States Joint Forces Command, it does not recommend establishing a separate Unified Command for HLS with authorities similar to USSOCOM.

<sup>38</sup> The four ASD positions specified in Title 10 U.S.C. are: Reserve Affairs; Command, Control, Communications, and Intelligence; Special Operations and Low Intensity Conflict, and Legislative Affairs. As of February 2001, the other ASDs are: Force Management Policy; Health Affairs; International Security Affairs; Strategy and Threat Reduction; and Public Affairs.

<sup>39</sup> This approach was used during implementation of the Defense Reform Initiative when the office of the ASD for International Security Policy was eliminated and the office of the ASD for Strategy and Threat Reduction was established. USCNS/21 Recommendation 24 advocates abolishing the ASD for Special Operations and Low Intensity Conflict (SOLIC) and reorganizing the office of the Under Secretary of Defense for Policy. (*Road Map*, p. 65). If Congress approves abolition of ASD(SOLIC), ASD(HLS) could be established in its stead.

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline<sup>40</sup></b>
1. Establish an internal DoD task force	Secretary of Defense or his agent	As appropriate
2. Begin consultations with Congress	Task force chair	Within 1 month following the first task force meeting
3. Task force prepare and vet reorganization plan	Task force chair	Within 4 months of first meeting
4. Approve reorganization plan	Secretary of Defense	As appropriate
<i>4a. Prepare legislative package (if necessary)</i>	<i>Task force chair</i>	<i>Within 2 months of plan approval</i>
5. Prepare DoD Directive governing ASD (HLS) activities	Task force chair	Within 2 months of approving creation of ASD (HLS) or final Congressional action
7. Approve DoD Directive	Secretary of Defense	Within 1 month of receipt
8. Implement reorganization plan	Deputy Assistant Secretary of Defense DASD (HLS)	Within 6 months of approval or final Congressional action

**Table 7. Illustrative Work Plan Creation of ASD (HLS)**

Initially, the Secretary of Defense should establish an internal DoD task force to identify ASD (HLS) responsibilities and staffing requirements. To facilitate coordination with other Executive Branch activities that may occur simultaneously, this task force should include the department's representative to interagency groups preparing the comprehensive HLS strategy (Recommendation 1) and/or developing the reorganization plan to establish the NNSA (Recommendation 2). (This task force might be a DoD task force that examines all department HLS issues, including this recommendation and Recommendation 6, a discussion of which follows.)

The task force will prepare a reorganization plan for the Secretary's approval. It is essential that the task force consider very carefully the functions and responsibilities of the new ASD and how his office will interact with other elements of the department. The resulting plan should include the draft of a Department of Defense Directive that charters the office and assigns it responsibilities, as well as a staffing plan. The plan could also include recommendations concerning Congress' role in establishing the office. Recommendations for creating the office without formal Congressional action should include concepts for disestablishing the office of an existing ASD to keep the total number of ASDs within the bounds specified by Section 138.

If the Secretary determines that Congress should officially create the position by amending Section 138, Title 10 U.S.C., the task force, in conjunction with the department's legal counsel and the ASD for Legislative Affairs, should prepare an appropriate packet and strategy. Regardless of whether the Secretary elects to create the position without Congressional participation or requests a formal amendment to Title 10 U.S.C., consultations with Congress will be useful and should occur early in the process. Once the position is created, Congress will have oversight over its activities and the relationship is likely to be more productive if consultations occur beforehand.

<sup>40</sup> Time schedule is notional and will be affected by department priorities and political factors.

Once formally created, the office should be established quickly and a Deputy Assistant Secretary of Defense for HLS should be appointed to oversee start up, pending Presidential nomination and Senate confirmation of the ASD.<sup>41</sup> Rapid creation ensures optimum value to the Department and that sufficient staff is available to assist the ASD nominee during confirmation.

**3. Process Implications.** The Office of the ASD (HLS) will use existing DoD processes to interact with other DoD activities and NSC-approved processes for interagency transactions.

**4. Personnel Implications.** ASD offices are staffed according to responsibilities and requirements. While there is no average size, when examined over a period of years ASD offices have ranged in size from 30 to about 60 personnel, exclusive of operating agencies and activities for which they have oversight. Staffing for the ASD (HLS) could be drawn from existing DoD activities according to functional expertise or other criteria. Or the Department could ask for an end strength increase, either in conjunction with a request for amendment of Section 138 or as part of a budget submission.

**5. Issues.** Recommendation 5 complements Recommendations 1, 2, and 6 and will improve DoD contributions to HLS requirements. During preparation of the reorganization plan, the Secretary's task force should ensure that there are safeguards for transferring personnel from elsewhere within the Department to the ASD (HLS) staff. Care should be taken so that joining personnel have the necessary grades and expertise (both functional and bureaucratic) to contribute immediately. It is important to ensure that personnel transferring from other organizations also have sufficient longevity remaining in civil service so that turmoil from retirements and resignations is minimized in the critical first years.

It is also important for the Secretary of Defense to establish processes and procedures for interaction with ASD (HLS) and to ensure that the Under Secretaries and other ASDs are aware of them. New organizations sometimes have difficulty entering established cultures, and, in some cases, are minimized by older organizations. OSD's Executive Secretariat should ensure that the ASD (HLS) is included in meetings and briefings as appropriate; assist the office of the ASD (HLS) in developing regimes that ensure access to the Secretary; and, ensuring that other organizations within OSD, the Joint Staff, and the Services understand the role, responsibilities and authorities of the ASD (HLS).

Issue	Approach
1. Attributes of personnel transferred into ASD HLS from elsewhere in DoD	Task force should establish criteria for transferees that includes expertise and longevity.
2. Effective integration within DoD	Develop processes and procedures for ASD (HLS) to interact with the rest of DoD and promulgate the offices' roles, responsibilities, and authorities.

**Table 8. Considerations for Establishing ASD (HLS)**

<sup>41</sup> The office will probably have at least two DASDs depending on roles, responsibilities, and requirements specified in the Department of Defense Directive governing the office. To ensure a smooth transition, at least one of the initial DASDs should be a career civil servant familiar with DoD methods of operation and processes.

**6. Implementation Means.** Implementation of this recommendation may be accomplished either on the authority granted to the Secretary of Defense by Title 10, U.S.C., or by Congressional action to amend Section 138, Title 10, U.S.C.

## **E. Establishing Homeland Security as a Primary Mission for the National Guard**

***Recommendation 6: The Secretary of Defense, at the President's direction, should make homeland security a primary mission of the National Guard, and the Guard should be organized, properly trained, and adequately equipped to undertake that mission.***

**1. Background.** The National Guard at present is organized, trained, and equipped to conduct sustained overseas combat in support of the nation's National Security Strategy, National Military Strategy, and the military's operational plans. This is a primary mission for the Guard, but it has other missions as well. It is also responsible for disaster, humanitarian, emergency assistance, consequence management and other missions as assigned by the state governors. Because it has dual responsibilities within both federal and state venues, it is uniquely positioned to assume a larger role in providing capabilities—including disciplined, trained, and appropriately equipped forces—to fulfill HLS requirements.

Recommendation 6 incurs some organizational changes as some elements of the National Guard transform into entities more capable of performing HLS functions. The size of these elements and their internal composition cannot—and should not—be determined until a requirements-capabilities assessment has been completed. It is likely, however, that the 10 existing regional centers in the FEMA and NHTSA structure will each have transformed National Guard assets associated with them, either as organic structures or in a supporting role.

National Guard, and especially Army National Guard (ARNG), participation in HLS activities is not new.<sup>42</sup> The National Guard has a distinguished history of HLS contributions dating from colonial times and its militia heritage through its more recent assistance to state and federal authorities during natural and manmade catastrophes. Although the Guard has primary DoD responsibility for disaster relief, it does not have the entire panoply of HLS responses as a primary mission. At present, it performs these missions by using forces trained and equipped for an entirely different mission—that of conventional combat.

In recent years, this approach has worked well, but the likelihood of much larger events involving weapons of mass destruction and/or catastrophic failures of vital systems is likely to overwhelm the present system. This is especially true if an attack on the homeland occurs during a major crisis abroad. Under such circumstances, the National Command Authorities (NCA) are likely to be faced with difficult decisions. Treating assistance to civil authorities as a lesser mission, and providing little training or specialized equipment to perform it, entails substantial risks in terms of preventing, defending against, and responding to HLS threats.

In order to prepare for future HLS requirements more effectively, the Commission believes that HLS should be assigned to the National Guard as a primary mission, equal in

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<sup>42</sup> Although many of the responsibilities will fall on ARNG organizations, Air National Guard (ANG) assets such as medical evacuation and transportation capabilities should not be overlooked.

stature to the current mission of sustained warfighting.<sup>43</sup> In support of this mission, some National Guard units could be reorganized, trained, and equipped for HLS activities. This approach not only improves response capabilities, it adds a deterrent value and improves the nation's ability to defend against attacks. Once HLS is assigned as a primary mission, existing efforts to enhance Guard HLS capabilities will serve as the foundation for further improvements.

## 2. Implementation Blueprint

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline<sup>44</sup></b>
1. Direct DoD to implement the recommendation	President	18 months prior to date required for budget submission to OMB
2. Establish DoD task force	Secretary of Defense	Upon receipt of Presidential directive
3. Conduct comprehensive requirements-capabilities assessment	DoD Task Force assisted by the NHSA and state governors	4 months following first meeting
4. Vet assessment results, conclusions, and recommended actions	DoD Task Force	2 months following completion of assessment
5. Begin Congressional consultations	DoD Task Force and OSD legislative affairs	Concurrent with Step 4 and continuing through Step 12
6. Provide vetted report to Secretary of Defense	DoD Task Force	1 month following completion of Step 4
7. Include report provisions in Defense Planning Guidance (DPG)	Under Secretary for Policy and PA&E	Upon approval of report by SecDef
8. Program for reorganization, training and re-equipping	Services	In accordance with Planning, Programming and Budgeting System milestones
9. Review programs	PA&E and Joint Staff	In accordance with PPBS milestones
10. Prepare budget and legislative packages	OSD	In accordance with PPBS milestones
11. Finalize implementation instructions	OSD and Joint Staff	Within 3 months of legislative enactment
12. Complete reorganization and re-equipping	Services and National Guard	Within year of enactment
13. Review/refine requirements-capabilities assessment	Services and National Guard	Starting 1 year after enactment

**Table 9. Illustrative Work Plan for Transforming Elements of the National Guard**

Implementing this recommendation requires a combination of Executive and Legislative Branch actions. Assigning HLS as a National Guard primary mission of equal status with warfighting missions (and in some cases a dual mission with warfighting missions) can be done

<sup>43</sup> It is important to note that the Commission does not intend for HLS to be *the* primary mission of the National Guard, only that HLS be made *a* primary mission.

<sup>44</sup> Timelines are notional and will be affected by a number of considerations including priorities and political considerations.

by the Secretary of Defense with Presidential Authorization. DoD can also adjust training requirements for the Guard to increase the amount of HLS related training time, providing Congress does not prohibit that adjustment.<sup>45</sup> Reorganization of some Guard units for specific HLS requirements as envisioned by the Commission can be done by DoD, although the department should enlist Congressional support and the support of state officials before doing so.<sup>46</sup> Re-equipping Guard units for HLS-specific requirements, as proposed in the recommendation, may require some expenditure of funds if the equipment is not already in the inventory in sufficient quantities, and that will require Congressional approval.

Recommendation 6 may be implemented in isolation from other recommendations; although its value will increase if linked to Recommendations 1 and 2. Recommendation 6 should occur in conjunction with implementation of Recommendation 1, developing a comprehensive HLS strategy, and reorganization, training, and re-equipping efforts should conform to requirements developed during that process. Recommendation 6 will also be enhanced if it is linked to Recommendation 2, establishing the NHSA. Since the Director of the NHSA will have responsibility for portions of the comprehensive strategy including response, he/she should participate in requirements and capabilities deliberations, as recommended by the Commission.<sup>47</sup> The representatives of state governors should participate, also, to ensure their requirements and existing capabilities are taken into account.

Once the President directs the Secretary of Defense to implement the recommendation, the Secretary could begin by instructing the Chairman of the Joint Chiefs of Staff (CJCS), the ASD (HLS)<sup>48</sup>, and the Assistant Secretary of Defense for Reserve Affairs (ASD (RA)) to convene a task force.<sup>49</sup> Among others, this task force could include representatives from the Under Secretaries for Policy, Readiness and Personnel, Acquisition, Technology, and Logistics, and Comptroller; the National Guard Bureau (NGB); the Office of Program Assessment and Evaluation (PA&E); and non-DoD activities as appropriate (e.g., the task force preparing the reorganization plan for creating the NHSA and/or FEMA). Under CJCS, ASD (HLS) and ASD (RA) leadership, the task force would examine options for implementing the recommendation and develop a detailed implementation plan.<sup>50</sup>

As part of this effort, the task force should direct a comprehensive threats-requirements-capabilities assessment for both conventional warfighting and HLS missions. Assessment results will determine how much existing National Guard force structure is excess to warfighting requirements and thus may be available for HLS missions. (Although some ARNG units have

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<sup>45</sup> It is conceivable, for example, that Congress could prohibit training for HLS activities by stipulating that funds appropriated to DoD not be spent for that purpose; however, such a prohibition is probably not likely.

<sup>46</sup> Although specific reorganization activities will result from an assessment of requirements and capabilities/capacities studies, indications are that most reorganization is likely to focus on improving National Guard response capabilities, especially its ability to respond effectively to WMD incidents and to train others to perform similar functions. This will enhance existing efforts to create civil support teams and to provide command and control and coordination through regional agreements between states and Joint Task Force Civil Support, an element of DoD's Joint Forces Command headquartered in Norfolk, Virginia.

<sup>47</sup> *Road Map*, p. 24.

<sup>48</sup> See previous recommendation on creating an Assistant Secretary of Defense for Homeland Security.

<sup>49</sup> In order to improve coordination and the value of both recommendations, this task force could be the same task force as that formed to consider creation of the Office of the ASD(HLS).

<sup>50</sup> This is an integrated approach designed to craft a single reorganization plan that includes changes to the mission, reorganization, training, and equipping instructions. Alternatively, implementation could involve incremental approaches that begin with a redefined mission and then proceed to reorganization, etc.

been assigned missions in DoD's "Forces For" allocations and in Unified Command plans, a number of units remain without warfighting missions. The Commission believes that HLS units can be drawn from among those units who are not currently apportioned to the Unified Commands.)

The threats-requirements-capabilities assessment will also indicate the extent to which HLS requirements exist that do not have matching capabilities so that reorganizations, training, and re-equipping are conducted against specific needs. In essence, the assessment will provide DoD information on the size and composition of the units needed to respond to HLS threats and the kinds of specialized equipment necessary for them to be ready to do so in light of present and anticipated threats. These requirements will then be matched against capabilities that exist in the current force inventories. Equipment, training, and personnel transfer plans can be prepared based on this assessment, and where equipment shortages exist research and development and procurement actions can be undertaken consistent with the President's priorities.

Vetting and marketing assessment results and reorganization actions and procurement actions that the assessment suggests must be extensive. At a minimum, the Military Departments, the Joint Staff, NHSA, representatives of governors, OMB, the DoD General Counsel, and Office of the Secretary of Defense (OSD) Legislative Affairs must be included. Their comments and recommendations should be carefully examined and included in the task force's report to the Secretary of Defense. It is especially important to consider the impact on warfighting capabilities of the Unified Commands and the Army's overall transformation efforts of specializing some ARNG units. Once units have been allocated, trained, and equipped for HLS, it will be difficult and time consuming to convert them back to their traditional missions.

The task force report should include language that assigns HLS as a primary National Guard mission and identifies specific ARNG and Air National Guard (ANG) units that will be reorganized for HLS functions and specifies the activity that will become their proponent (e.g., the National Guard Bureau, Joint Forces Command, NHSA). There may be cases in which units assigned to HLS have dual missions or in which units that are specially trained and equipped for consequence management are earmarked for overseas consequence management activities. However, many of these units should be removed from the list of deployable units and thus be unavailable to support Unified Command war or theater engagement plans beyond those prepared by the Joint Forces Command for HLS events.<sup>51</sup> The report should also identify and provide cost estimates of expenditures required for re-equipping and re-training National Guard units assigned HLS missions.

National Guard units reapportioned to HLS will most likely fall under the authority of Joint Forces Command's Joint Task Forces Civil Support when federalized. At other times, they will remain under the command and control of state governors. In both cases, they must be able to interact effectively with the NHSA and with the NHSA's regional offices. During crises, National Guard HLS units may be federalized or may operate under the directions of state governors or NHSA offices, depending on requirements and the scope of the disaster. The

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<sup>51</sup> It may be prudent to assign both an HLS mission and a conventional warfighting mission to some types of units that exist in small numbers. In time of crises, the National Command Authorities (NCA) would make the decision as to whether these units were to be retained in the United States for HLS missions or deployed to a theater of operations. In the case of dual missioned units, the Secretary of Defense or his representative will make the routine decisions concerning training emphasis.

nature of these relationships should be addressed in the task force's report to the Secretary and appropriate language should be included in the DPG and the Unified Command Plan (UCP).

When the Secretary of Defense approves the task force report and designates HLS as a National Guard primary mission, appropriate changes in strategy and programming instructions should be included in the next DPG and UCP. In addition to fiscal guidance, both documents should include instructions concerning planning activities for the transformed units and the chain of command that will exercise authority over them. Instructions concerning research and development and procurement should become a priority issue during the annual program reviews conducted prior to budget preparation. Decisions made during the program reviews should be included in the next budget submission.

Congressional support for reorganization, re-training, and re-equipping efforts is critical. Administration officials should seek Congressional support early on and include key Members of Congress and their staff in consultations. It is also important that they consult with state governors and their adjutant generals early in the process. DoD should be prepared to provide analytical conclusions that underpin the reorganization plan and to conduct a campaign to help Members understand the rationale for change and the benefits that will accrue from it.

As noted, in conducting this campaign, it is important to ensure that state officials are included since their ability to influence Members' votes affecting their states may be crucial. These officials include governors, adjutant generals, and county and municipal officials in areas where units will be re-organized. A second group of influential stakeholders that must be included are the associations that represent the National Guard and Reserve forces (e.g., the National Guard Association, the Reserve Officers Association, and the Association of the United States Army).

Department officials should make clear in their dealings with Congress that the transformation of National Guard assets will have optimum value when done in conjunction with that of other government activities (e.g., organizing the NHSA). It is important to convey to Congress the message that the National Guard is only one of a number of activities that can contribute to HLS requirements and it should not be viewed as sole contributor.

Following appropriate DoD program reviews and consultation with Members of Congress, DoD should submit legislation and budget requests to formalize reorganization and obtain transformation funding. Once these requests become law, DoD should finalize implementation arrangements and establish milestones for completion. Final arrangements and schedules should be coordinated with states and with the NHSA.

**3. Process Implications.** New processes or substantial modifications of existing processes will be required for transformed National Guard organizations to interact effectively with the NHSA, described in Recommendations 2 and 3. The Guard interacts with FEMA during emergencies, and these processes could become the basis for necessary modifications. In a general sense, the National Guard operates as a subcontractor for FEMA at present. The transition will be improved if the NHSA and the National Guard jointly design new processes.

**4. Personnel Implications.** The Commission's recommendation envisions the transformation of existing National Guard organizations rather than creating new ones. Accordingly, there is likely to be little, if any, increase in personnel required to perform HLS

missions, although specific numbers will be available only after requirements-capabilities studies have been completed. If transformed organizations are drawn from among National Guard units that do not have an assigned mission in support of operational plans, it is unlikely that additional personnel will be required to support warfighting missions.<sup>52</sup> The recommendation's major impact on personnel is that some Guard personnel who might have been forced out of the service as a result of mission needs assessments will remain, their positions warranted by HLS activities.

**5. Issues.** Although Recommendation 6 may improve HLS capabilities, especially in terms of effective response, it will meet with resistance in some quarters. Not all National Guard personnel will welcome the change, and some active component military officials may view the transformation as harmful to warfighting capabilities. The latter concern should be addressed adequately during the threats-requirements-capabilities assessment conducted at the outset. Another opponent to the proposed changes will be the fire and police services in the affected localities. For example, the International Association of Fire Chiefs has been a vociferous opponent and critic of the National Guard's Weapons of Mass Destruction Civil Support Teams.

National Guard concerns are likely to center on three related factors. First, the loss of prestige that may be perceived in converting from a combat force to a force designed for other missions. Included in this is local loyalty to unit lineage and honors, as well as loyalty to particular branches within the Army (e.g., infantry, armor, artillery, etc.). Accompanying this will be perceptions that opportunities for advancement and promotion are likely to be less in units that are specialized and, for some, out of the military mainstream. There will also be concerns about loss of resources. The extent to which these perceptions are widely and strongly held by those likely to be directly affected and those within the larger Guard community who are sympathetic to them, will define the amount of resistance to the transformation.

Some have suggested that one way to assuage the first factor is to assign National Guard dual missions. If this option is accepted, it instructs units earmarked for HLS to prepare, train, and equip themselves for *both HLS and traditional warfighting activities*. Although this approach would reduce concerns about transforming units into something other than warfighting, and would prevent any National Guard units from being exclusively earmarked for homeland security, it is not without disadvantages. If an HLS event occurred during a time when U.S. forces were deployed (or were deploying) overseas to respond to a contingency, National Guard dual missioned units might not be available to respond to the crisis if they had already deployed. A second consideration in assessing dual missions is that it is difficult for the National Guard to maintain high readiness standards at present. If a second mission were added, it is likely that at least some units would not be able to achieve and maintain acceptable levels of readiness for both. Under those circumstances, and faced with tough resource allocation decisions, some commanders may elect to give priority to traditional warfighting missions, moving HLS requirements to a lower priority. Thus, assigning dual missions will only guarantee fully ready HLS units if additional resources—in terms of funding and additional training days each year—are also provided.

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<sup>52</sup> The issue of missions for National Guard units continues to be a contentious one. Most Air Force NG units have missions in support of the Active Component Air Force. Although some Army NG units have been assigned missions in Unified Command operational plans, most have not. The National Guard contends that the reasons why these units have not been assigned a mission is related more to Active Component parochialism than to operational shortcomings. The debate has continued at least since the 1994-95 Commission on Roles and Missions (CORM) Report, which recommended eliminating a number of Army NG divisions. The issue was also contested during the 1997 Quadrennial Defense Review. It does not appear that it will be resolved in the near future.

The second National Guard concern focuses on the impact of turbulence. Historically, it has often taken as much as five years to convert a unit from one function to another. This is due in part to re-training requirements and procurement delays, but the impact often makes the idea of service in the National Guard so unattractive that many unit members choose not to reenlist. Offsetting this concern will require assigning a high priority for resources and training sites to transitioning units and completing the transformation in much less time.

A third objection will focus on the proposed relationship between transformed units and the NHTSA regions and whether placing Guard units under NHTSA control will deprive the states of assets needed in times of emergency. The National Guard will point out that no habitual relationship between the Guard and FEMA regions exists now. As noted earlier, the Guard acts as a subcontractor for FEMA, and in doing so provides assets as required from different states. State governors will be reluctant to allow a regional entity control over units that belong to their states for fear that doing so will deprive them of crucial assets in time of emergency. Depending on how much and what kinds of state assets are earmarked for NHTSA use, a state or township could find itself faced with an emergency to which it cannot respond adequately if its units are supporting an NHTSA emergency elsewhere. Or some localities could find themselves without critical services when police, firefighters, healthcare professionals, and others are mobilized and sent elsewhere.<sup>53</sup> A potential solution is to ensure that HLS assets drawn from the National Guard are apportioned in such a way that sufficient assets remain available to local officials. A second solution would be to assign the HLS mission to the National Guard as a primary mission, but convert Army Reserve assets to HLS units and transfer them to the Guard, resulting in a net increase in National Guard strength. There are, of course, drawbacks to this alternative, too.

It would be risky to underestimate the impact of the transformation or the potential for resistance. Recommendation 6 amounts to a culture change in which personnel who perceive themselves as members of what some describe as the warrior culture now find themselves involved in something completely different—even if only as a dual mission assignment. Overcoming this resistance will require several approaches, including adopting incentives for transformation. These incentives could take the form of a higher grade structure within HLS organizations that would increase promotion opportunities. Incentives could also include promotion of some officers who come up through the HLS organizational structure to general officer as a matter of course. Equally important, senior officers and the civilian leadership must convey and sustain a sense of importance to HLS units that their mission is vital and that they are indispensable.

Some Members of Congress will be concerned about the transformation. The extent that they support or oppose the recommendation will depend on their equities, the forcefulness of the National Guard lobby in support or opposition, and how well the Administration argues its case. If the case is compelling and supported by sound analysis of threats, requirements, and capabilities, then Congressional support is more likely to be forthcoming. Equally important is the effort to gain support of state and local officials who will influence Congressmen and

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<sup>53</sup> Although some studies suggest the percentage of local police, fire, and medical officials in the National Guard is actually fairly low, the political stakes involved make this a significant issue. State and local officials are likely to oppose any option that appears to reduce their capabilities to deal with local catastrophes effectively. They are likely to view any reduction in their capabilities to respond in what they consider to be an adequate fashion with great distrust, and will convey their concerns to Members of Congress—who are likely to sympathize with them.

Senators from their states. Key Members should be identified early and DoD should begin consultations during the requirements-capabilities assessment phase.

Issue	Approach
1. Obtaining National Guard buy-in to mission change and transformation of some units	Senior leaders must reaffirm the critical nature of the mission and develop appropriate incentives for those assigned to them, including additional resources
2. Obtaining Congressional support for transformation	DoD must consult with key Members early in the process and provide Committees of Jurisdiction with analytical underpinnings for the change, including threat-requirements-capabilities calculations.
3. National Guard Concerns about loss of prestige/status as units are converted from combat to non combat roles	Consider impact and where appropriate assign units dual missions
4. Impact of turbulence caused on transformation on retention and recruiting	Devise appropriate timelines and allocate resources and priorities to reduce transformation times
5. Adequacy of remaining assets to deal with emergencies in states when HLS units are under the operational control of NHSA regions	Carefully apportion HLS units so that no state is deprived of its resources in the event of an emergency elsewhere

**Table 10. Impediments to Transforming National Guard for HLS**

**6. Implementation Means.** Presidential directive (e.g., National Security Presidential Directive (NSPD); Executive Order); draft language is attached in Appendix B. Following the threats-requirements-capabilities assessment, the department should include funding requests for shortfalls in its budget as soon as practicable.

**F. Improving Executive-Legislative Cooperation for Homeland Security**

**Recommendation 7:** *Congress should establish a special body to deal with homeland security issues, as has been done with intelligence oversight. Members should be chosen for their expertise in foreign policy, defense, intelligence, law enforcement, and appropriations. This body should also include members of all relevant Congressional committees as well as ex-officio members from the leadership of both Houses of Congress.*

This recommendation should be implemented in accordance with the rules of the House of Representatives and the Senate, with members appointed and responsibilities assigned accordingly.

### **III. ISSUES, OPPORTUNITIES, CHALLENGES**

#### **A. Developing a Comprehensive Strategy**

Taken in conjunction with Recommendation 2 (establishing a National Homeland Security Agency) and Recommendation 3 (transferring organizations to the new agency), development of a comprehensive strategy presents unique opportunities:

- Permits the Executive Branch to develop a strategy and design an organization to carry out that strategy;
- Emphasizes the fact that the Administration assigns a high priority to homeland security;
- Increases the chances that an attack on the homeland can be prevented, or, if it does occur, appropriate responses will occur rapidly to minimize damages and speed a return to normalcy; and
- Having a strategy in place will have deterrent value.

There are few impediments to creating an HLS strategy, but they include:

- Bureaucratic resistance to changes that such a strategy—which changes the *status quo*—may impose. Managing this resistance will require top down leadership.

#### **B. Creating a National Homeland Security Agency and Enhancing its Capabilities**

Recommendations 2 and 3 present unique opportunities, especially if these recommendations are implemented in conjunction with Recommendation 1:

- Permits the Administration to design an organization specifically for HLS requirements and to link it to a comprehensive strategy;
- Reinforces HLS as an Administration priority and conveying that message to those who may seek to take advantage of what they perceive as a weakness; and
- Presents an opportunity to develop closer working relationships with state and local authorities.

As noted in Recommendation 1, there will be bureaucratic resistance to changing the *status quo*.

- Many are likely to see such changes brought about by the creation of the NHTSA as a zero sum game in which some gain at the expense of others. Overcoming the resistance that will occur as a response to the risks of change will require top-down leadership and a clear communications plan. It will also require involving all affected activities in the processes that create the new agency and enhance its capabilities.

- The mix of cultures in a new organization can produce considerable friction and adversely impact the agency's performance. Ameliorating culture-based disruptions requires sensitivity and including all organizations in designing processes and procedures.
- Congress may also object to the new agency. Congressional opposition can be minimized through early and continuous consultation.
- Past experience in creating new departments and agencies indicates that there is a tendency to underestimate overhead and supervisor requirements. These requirements should be addressed early in the process and should include the need for additional supervisors in those departments that lose activities but retain some responsibilities for their functions (e.g., collections of customs revenue when the Customs Service transfers to the NHSA).

### **C. Improving Homeland Security Intelligence**

There are no significant impediments or other issues in implementing this recommendation. However, the Administration should consult with the appropriate Congressional Committees to ensure it understands and accommodates their concerns.

### **D. Establishing an Assistant Secretary of Defense for Homeland Security**

Recommendation 5 complements Recommendations 1, 2, and 6 and will improve DoD contributions to HLS requirements. Significant issues include:

- Title 10 U.S.C. allows the Department of Defense nine Assistant Secretary positions and specifies four of those positions, thus establishing an ASD for HLS is not permitted under the law as it is currently written. Overcoming this impediment will require Congress to authorize an additional ASD, or disestablishing an existing ASD.
- Creating a new ASD-level office will require the transfer of personnel from other activities to the new organization. During reorganization the Secretary's task force should ensure that there are safeguards for transferring personnel from elsewhere within the Department to the ASD (HLS) staff.
- Once created, the new office must be effectively integrated within the DoD bureaucracy. This will not occur automatically, and the OSD Executive Secretariat must ensure that the ASD (HLS) is included in meetings and briefings as appropriate. The Executive Secretary should also assist the ASD (HLS) in developing regimes that ensure access to the Secretary and ensure that other organizations within OSD, the Joint Staff, and the Services understand the role, its responsibilities and authorities.

### **E. Establishing Homeland Security as a Primary Mission for the National Guard**

Although Recommendation 6 will improve HLS capabilities, especially in terms of effective response, it will meet with resistance in some quarters. Not all National Guard

personnel will welcome the change, and some active component military officials may view the transformation as harmful to warfighting capabilities. Some specific concerns follow.

- Many National Guard units scheduled to receive HLS as a primary mission will be concerned about the loss of prestige that will occur when they convert from combat forces to forces designed for other missions. There will also be concern about potential recruiting difficulties, decreased opportunities for advancement and about loss of resources. The extent to which these perceptions are widely and strongly held by those likely to be directly affected and those within the larger Guard community who are sympathetic to them, will define the amount of resistance to the transformation. Ameliorating these concerns will require incentive programs that may include a higher grade structure within HLS organizations that would increase promotion opportunities. Incentives could also include promotion of some officers who come up through the HLS organizational structure to general officer as a matter of course. Equally important, senior officers and the civilian leadership must convey and sustain a sense of importance to HLS units that their mission is vital and that they are indispensable.
- Some Members of Congress will be concerned about the transformation. Congressional support is crucial and obtaining it will require a combination of direct consultations at the national, state, and local levels. In addition, DoD officials must provide analysis that supports assigning HLS as an additional mission and resourcing it accordingly. The extent that Members of Congress (and officials in state and local governments who can influence Members of Congress) support or oppose the recommendation will depend on their equities, the forcefulness of the National Guard lobby in support or opposition, and how well the Administration argues its case.

#### **F. Improving Executive-Legislative Cooperation for Homeland Security**

No issues or impediments were noted for Recommendation 7; although depending on how Congressional leadership approaches the recommendation, impediments could arise if Members believe their authority and/or influence would be weakened by implementation.

## **IV. IMPLEMENTATION MEANS**

HLS recommendations depend on the introduction and passage of legislation, Executive Orders, or authoritative actions by Cabinet-level officials.

### **A. Developing a Comprehensive Strategy**

Implementation could be achieved by Presidential directive (e.g., NSPD, Executive Order, verbal instructions). (It is noteworthy that the House of Representatives will consider legislation this year (HR 525) that would, if enacted, require the Administration to develop a comprehensive HLS strategy.)

### **B. Creating a National Homeland Security Agency and Enhancing its Capabilities**

Implementing this recommendation will require a combination of legislation and Executive Orders. Legislation has already been introduced in the House of Representatives that, if passed and signed into law, will satisfy Congressional requirements. If this legislation fails or is substantially modified, the Administration should develop a legislative package and forward it to Congress in accordance with the time schedule contained in the blue print (see Section II.B.) The Executive Orders to implement this legislation within the Executive Branch should be drafted by the reorganization team.

### **C. Improving Homeland Security Intelligence**

Presidential directive (e.g., NSPD, Executive Order, verbal instructions); draft language is attached in Appendix B.

### **D. Establishing an Assistant Secretary of Defense for Homeland Security**

Implementation of this recommendation may be accomplished either on the authority granted to the Secretary of Defense by Title 10, U.S.C., or by Congressional action to amend Section 138, Title 10, U.S.C.

### **E. Establishing Homeland Security as a Primary Mission for the National Guard**

Presidential directive (e.g., NSPD, Executive Order); draft language is attached in Appendix B. Following the threats-requirements-capabilities assessment, the department should include funding requests for shortfalls in its budget as soon as practicable.

### **F. Improving Executive-Legislative Cooperation for Homeland Security**

This recommendation should be implemented in accordance with the rules of the House of Representatives and the Senate, with members appointed and responsibilities assigned accordingly.

## **V. PERSONNEL IMPLICATIONS.**

### **A. Developing a Comprehensive Strategy**

Although not necessary, a small permanent staff to assist the working groups and to maintain continuity could be formed, drawing upon the interagency for membership. If the National Homeland Security Agency (NHSA) is chartered, a staff director and some key members could be drawn from the NHSA since it will play a central role in implementing the strategy.

### **B. Creating a National Homeland Security Agency and Enhancing its Capabilities**

Agency personnel allocations will be as specified in the annual budget once enacted into law. Transfer of activities into NHSA from external activities must include sufficient oversight and overhead staff. Transfers of adequate oversight and administrative personnel may prove troublesome. This is likely to be true especially if some traditional functions of transferred agencies remain with their original organizations. Should that be the case, then the retaining organization may argue that it needs to keep a portion of the oversight structure in order to accomplish retained missions satisfactorily.

In addition, the new directorates within NHSA will require staffing at some level adequate enough to ensure the objectives of creating NHSA and transferring organizations into it are achieved. HLS is a complex mission area. Unless the NHSA is adequately staffed it is not likely to be capable of meeting expectations.

As the personnel allocation plan is formulated, consideration must be given to adequately staffing the NHSA's planning cell. A key feature of the NHSA will be its ability to prepare and oversee the preparation of myriad plans that will enable the HLS strategy to be effectively implemented. Unless personnel allocations include sufficient experienced planners, the ability of NHSA to fulfill this requirement will be limited.

### **C. Improving Homeland Security Intelligence**

A relatively small increase in NIC size of approximately 5 to 10 personnel will be required to implement this recommendation.

### **D. Establishing an Assistant Secretary of Defense for Homeland Security**

ASD offices are staffed according to responsibilities and requirements. While there is no average size, when examined over a period of years, ASD offices have ranged in size from 30 to about 60 personnel, exclusive of operating agencies and activities for which they have oversight. Staffing for the ASD (HLS) could be drawn from existing DoD activities according to functional expertise or other criteria. Or the Department could ask for an end strength increase, either in conjunction with a request for amendment of Section 138 or as part of a budget submission.

### **E. Establishing Homeland Security as a Primary Mission for the National Guard**

The Commission's recommendation envisions the transformation of existing National Guard organizations rather than creating new ones. Accordingly, there is likely to be little, if

any, increase in personnel required to perform HLS missions, although specific numbers will be available only after requirements-capabilities studies have been completed. If transformed organizations are drawn from among National Guard units that do not have an assigned mission in support of operational plans, it is unlikely that additional personnel will be required to support warfighting missions.<sup>54</sup> The recommendation's major impact on personnel is that some Guard personnel who might have been forced out of the service as a result of mission needs assessments will remain, their positions warranted by HLS activities.

#### **F. Improving Executive-Legislative Cooperation for Homeland Security**

If Congress creates select committees on HLS, additional staff will be required to support them. The number will vary according to requirements, responsibilities, and the rules of each chamber.

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<sup>54</sup> See footnote 53 above.

## **VI. APPENDICES**

**APPENDIX A:  
IMPLEMENTATION BLUEPRINT MATRIX**

<b>INSTITUTIONAL REFORM</b>			
<b>Homeland Security</b>			
<b>Recommendation</b>	<b>Action</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
The President should develop a comprehensive strategy to heighten America's ability to prevent and protect against all forms of attacks on the homeland, and to respond to such attacks if prevention and protection fail	Appoint an interagency policy group, designate a chair, and provide initial guidance	President	Within 180 days of taking office
	Develop and coordinate draft strategies within the interagency	Policy group chair	Within 60 days of receiving charter
	Present strategy for approval to the NSC	Policy group chair	Within 120 days of receiving charter
	Approve strategy and provide implementation instructions	President	Within 30 days of approving strategy
	Prepare HLS implementation plans	Lead Agencies	Within 120 days of approval of the strategy
	Direct periodic exercises and reviews	President	As appropriate
Create a National Homeland Security Agency (NHSA) with responsibility for planning, coordination, and integrating various U.S. Government Activities involved in homeland security; do this by using the Federal Emergency Management Agency (FEMA) as a key building block			

Recommendation	Action	Responsibility	Implementation Timeline
The President should propose to Congress the transfer of the Customs Service, the Border Patrol, and the Coast Guard to the National Homeland Security Agency, while preserving them as distinct entities	Establish interagency task force to develop a reorganization plan and legislation creating NHSA	President establishes by Executive Order; task force should be chaired by OMB or another Executive Office of the President activity.	Within 2 months of decision to establish NHSA—Providing current legislation does not pass
	Review lessons from previous department/agency establishments	OMB and/or Office of the Director of FEMA	Within 3 months of decision to establish NHSA
	Identify stakeholders and analyze their positions; prepare strategy for building support and managing objections	OMB, NSC Staff, White House Congressional Liaison, FEMA, joining organizations	Within 4 months of the decision to establish NHSA
	Consult with key Members of Congress and their staffs	NSC Staff and White House Congressional Liaison	As soon as possible after decision to establish NHSA
	Vet interagency task force reorganization plan	Task Force Chair	Within 3 months of first task force meeting
	Submit reorganization plan and proposed legislation to Congress for approval	Executive Office of the President	Within 6 months of first task force meeting
	Revise reorganization plan based on Congressional approval and submit revised reorganization plan to the President for approval	Task Force Chair	Within 2 months of receiving Congressional approval
	Approve plan and sign executive order directing implementation	President	As soon as possible following receipt of reorganization plan from the task force

Recommendation	Action	Responsibility	Implementation Timeline
	Oversee implementation of reorganization plan	OMB	Over a period of 1 year
	NHSA declares agency fully operational	NHSA Director	Within 1 year following issuance of the executive order
	Assess requirements and capabilities of transferred organizations and allocate resources as appropriate	NHSA Director	For inclusion in the budget prepared after one full year of NHSA operation.
The President should ensure that the National Intelligence Council includes homeland security and asymmetric threats as an area of analysis; assign that portfolio to a National Intelligence Officer; and produce National Intelligence Estimates on these threats.	President directs DCI to include HLS as a priority area; assign it to an NIO; and develop NIEs	President	At the President's discretion
	DCI determines the best method to implement Presidential guidance	DCI	In accordance with the President's instructions
	DCI consults with Congressional Select Committees on Intelligence	DCI	As appropriate
	DCI staffs position and provides NIE guidance	DCI	As appropriate
	NIO produces NIE	NIO	Approximately 2 months following appointment

Recommendation	Action	Responsibility	Implementation Timeline
The President should propose to Congress the establishment of an Assistant Secretary of Defense for Homeland Security (ASD (HLS)) within the Office of the Secretary of Defense reporting directly to the Secretary.	Establish an internal DoD task force	Secretary of Defense or his agent	As appropriate
	Begin consultations with Congress	Task force chair	Within 1 month following the first task force meeting
	Task force prepare and vet reorganization plan	Task force chair	Within 4 months of first meeting
	Approve reorganization plan	Secretary of Defense	As appropriate
	Prepare legislative package (if necessary)	Task force chair	Within 2 months of plan approval
	Prepare DoD Directive governing ASD (HLS) activities	Task force chair	Within 2 months of approving creation of ASD (HLS) or final Congressional action
	Approve DoD Directive	Secretary of Defense	Within 1 month of receipt
	Implement reorganization plan	DASD (HLS)	Within 6 months of approval or final Congressional action

<b>Recommendation</b>	<b>Action</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
The Secretary of Defense, at the President's direction, should make homeland security a primary mission of the National Guard, and the Guard should be reorganized, properly trained, and adequately equipped to undertake that mission.	Direct DoD to implement the recommendation	President	18 months prior to date required for budget submission to OMB
	Establish DoD task force	Secretary of Defense	Upon receipt of Presidential directive
	Conduct comprehensive requirements-capabilities assessment	DoD Task Force assisted by the NHSA and state governors	4 months following first meeting
	Vet assessment results, conclusions, and recommended actions	DoD Task Force	2 months following completion of assessment
	Begin Congressional consultations	DoD Task Force and OSD legislative affairs	Concurrent with Step 4 and continuing through Step 12
	Provide vetted report to Secretary of Defense	DoD Task Force	1 month following completion of Step 4
	Include report provisions in DPG	Under Secretary for Policy and PA&E	Upon approval of report by SecDef
	Program for reorganization, training and re-equipping	Services	In accordance with Planning, Programming and Budgeting System (PPBS) milestones
	Review programs	PA&E and Joint Staff	In accordance with PPBS milestones

Recommendation	Action	Responsibility	Implementation Timeline
	Prepare budget and legislative packages	OSD	In accordance with PPBS milestones
	Finalize implementation instructions	OSD and Joint Staff	Within 3 months of legislative enactment
	Complete reorganization and re-equipping	Services and National Guard	Within year of enactment
	Review/refine requirements-capabilities assessment	Services and National Guard	Starting 1 year after enactment
<p>Congress should establish a special body to deal with homeland security issues, as has been done effectively with intelligence oversight. Members should be chosen for their expertise in foreign policy, defense, intelligence, law enforcement, and appropriations. This body should also include members of all relevant Congressional Committees as well as ex-officio members from the leadership of both Houses of Congress.</p>	<p>To be implemented in accordance with the rules of the House of Representatives and the Senate, with members appointed and responsibilities assigned accordingly.</p>		

**APPENDIX B:  
DRAFT LEGISLATIVE LANGUAGE AND EXECUTIVE ORDERS**

**The White House  
Washington**

**[month, day], 2001**

**National Security Presidential Directive XX**

Memorandum for     The Vice President  
                          The Secretary of State  
                          The Secretary of the Treasury  
                          The Secretary of Defense  
                          The Attorney General  
                          The Secretary of the Interior  
                          The Secretary of Agriculture  
                          The Secretary of Commerce  
                          The Secretary of Health and Human Services  
                          The Secretary of Transportation  
                          The Secretary of Energy  
                          The Chairman, Joint Chiefs of Staff  
                          The Director of Central Intelligence  
                          The Director, Federal Bureau of Investigation  
                          The Director, Federal Emergency Management Agency  
                          Administrator, Environmental Protection Agency  
                          The Assistant to the President for National Security Affairs

Subject: A Comprehensive Homeland Security Strategy

I. A Growing Potential Vulnerability

The United States possesses both the world's strongest military and its largest national economy. Those two aspects of power are mutually reinforcing and dependent. However, attacks against American citizens on American soil, possibly causing heavy casualties, are likely over the next quarter century. This is because both the technical means for such attacks, and the array of actors who might use such means, are proliferating despite the best efforts of American diplomacy.

These attacks may involve weapons of mass destruction and weapons of mass disruption. As porous as our physical borders are in an age of burgeoning trade and travel, our "cyber borders" are even more porous – and the critical infrastructure upon which so much of the U.S. economy depends can now be targeted by non-state and state actors alike. America's present global predominance does not render it immune from these dangers. To the contrary, U.S. preeminence makes the American homeland more appealing as a target, while America's openness and freedoms make it more vulnerable.

## II. President's Intent

It has long been the policy of the United States to assure the security of the American homeland. I intend that the United States will undertake to develop a comprehensive strategy to heighten America's ability to prevent and protect against all forms of attack on the homeland, and to respond to such attacks if prevention and protection fail.

## III. Guidelines

The following issues should be addressed in the homeland security strategy:

1. Preparing the American people for prospective threats, and increasing their awareness of what federal and state governments are doing to prevent attacks and to protect them if prevention fails;
2. Giving new priority to homeland security, and making it a central concern for incoming officials of all Executive Branch departments, particularly in the intelligence and law enforcement communities;
3. Putting in place new government organizations and processes, eliminating where possible staff duplication and mission overlap;
4. Instruments and activities to prevent potential attacks against the American homeland;
5. Instruments and activities to protect the American homeland from attack; and
6. Managing the consequences of a catastrophic attack on the American homeland.

## IV. Implementation

No later than 180 days from the issuance of this directive, the Assistant to the President for National Security Affairs will submit to me a report detailing this comprehensive homeland security strategy. The strategy should be developed by the Assistant to the President for National Security Affairs in coordination with the Principals Committee and relevant agencies involved in Homeland Security missions.

107TH CONGRESS  
1ST SESSION  
**H. R. 1158**  
IN THE HOUSE OF REPRESENTATIVES  
March 21, 2001

Mr. THORNBERRY introduced the following bill; which was referred to the Committee on Government Reform.

**A BILL**

To establish the National Homeland Security Agency.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

**SECTION 1. SHORT TITLE.**

This Act may be cited as the “National Homeland Security Agency Act”.

**SEC. 2. FINDINGS.**

Congress finds the following:

(1) The security of the United States homeland from nontraditional and emerging threats must be a primary national security mission of the United States Government. Attacks against United States citizens on United States soil, possibly causing heavy casualties, are likely during the next quarter century, as both the technical means for carrying out such attacks, and the array of actors who might use such means, are proliferating despite the best efforts of United States diplomacy.

(2) Attacks on United States soil may involve weapons of mass destruction and weapons of mass disruption. As porous as United States physical borders are in an age of burgeoning trade and travel, its cyber borders are even more vulnerable, and the critical infrastructure upon which so much of the United States economy depends can now be targeted by governments as well as individuals. The preeminence of the United States makes it more appealing as a target, while its openness and freedoms make it more vulnerable.

(3) Despite the serious threat to homeland security, the United States Government has not yet adopted homeland security as a primary national security mission. Its structures and strategies are fragmented and inadequate. The assets and organizations that now exist for homeland security are scattered across more than two dozen departments and agencies, and all 50 States.

(4) Guaranteeing that homeland security is achieved within a framework of law that protects the civil liberties and privacy of United States citizens is essential. The United States Government must improve national security without compromising established constitutional principles.

(5) A comprehensive strategy and new organizational structures to prevent and protect against attacks on the United States homeland, and to respond to such attacks if prevention and protection should fail, are urgently needed.

(6) Through the National Homeland Security Agency, the United States Government will improve the planning and coordination of Federal support to State and local agencies to rationalize the allocation of resources, enhance readiness in order to prevent attacks, and facilitate recovery if prevention fails.

### **SEC. 3. ESTABLISHMENT OF NATIONAL HOMELAND SECURITY AGENCY.**

(a) ESTABLISHMENT.—There is established a National Homeland Security Agency (hereinafter in this Act referred to as the “Agency”).

(b) DIRECTOR.—There shall be at the head of the Agency a Director, who shall be appointed by the President by and with the advice and consent of the Senate. The Director shall be compensated at the rate provided for level I of the Executive Schedule under section 5312 of title 5, United States Code. The Director shall serve as an advisor to the National Security Council.

(c) DUTIES.—The duties of the Director shall be the following:

(1) To plan, coordinate, and integrate those United States Government activities relating to homeland security, including border security and emergency preparedness, and to act as a focal point regarding natural and manmade crises and emergency planning.

(2) To work with State and local governments and executive agencies in protecting United States homeland security, and to support State officials through the use of regional offices around the country.

(3) To provide overall planning guidance to executive agencies regarding United States homeland security.

(4) To conduct exercise and training programs for employees of the Agency and establish effective command and control procedures for the full range of potential contingencies regarding United States homeland security, including contingencies that require the substantial support of military assets.

(5) To annually develop a Federal response plan for homeland security and emergency preparedness.

### **SEC. 4. TRANSFER OF AUTHORITIES, FUNCTIONS, PERSONNEL, AND ASSETS TO AGENCY.**

The authorities, functions, personnel, and assets of the following entities are hereby transferred to the Agency:

(1) The Federal Emergency Management Agency, the ten regional offices of which shall be maintained and strengthened by the Agency.

(2) The United States Customs Service, which shall be maintained as a distinct entity within the Agency.

(3) The Border Patrol of the Immigration and Naturalization Service, which shall be maintained as a distinct entity within the Agency.

(4) The United States Coast Guard, which shall be maintained as a distinct entity within the Agency.

(5) The Critical Infrastructure Assurance Office and the Institute of Information Infrastructure Protection of the Department of Commerce.

(6) The National Infrastructure Protection Center and the National Domestic Preparedness Office of the Federal Bureau of Investigation.

## SEC. 5. ESTABLISHMENT OF DIRECTORATES AND OFFICE.

(a) ESTABLISHMENT OF DIRECTORATES.—The following staff directorates are hereby established within the Agency:

(1) DIRECTORATE OF PREVENTION.—The Directorate of Prevention, which shall be responsible for the following:

(A) Overseeing and coordinating all United States border security activities.

(B) Developing border and maritime security policy for the United States.

(C) Developing and implementing international standards for enhanced security in transportation nodes.

(2) DIRECTORATE OF CRITICAL INFRASTRUCTURE PROTECTION.—The Directorate of Critical Infrastructure Protection, which shall be responsible for the following:

(A) Acting as the Critical Information Technology, Assurance, and Security Officer of the Agency to coordinate efforts to address the vulnerability of the United States to electronic or physical attacks on critical infrastructure of the United States, including utilities, transportation nodes, and energy resources.

(B) Overseeing the protection of such infrastructure and the physical assets and information networks that make up such infrastructure.

(C) Ensuring the maintenance of a nucleus of cyber security experts within the United States Government.

(D) Enhancing sharing of information regarding cyber security and physical security of the United States, tracking vulnerabilities and proposing improved risk

management policies, and delineating the roles of various government agencies in preventing, defending, and recovering from attacks.

(E) Coordinating with the Federal Communications Commission in helping to establish cyber security policy, standards, and enforcement mechanisms, and working closely with the Federal Communications Commission on cyber security issues with respect to international bodies.

(F) Coordinating the activities of Information Sharing and Analysis Centers to share information on threats, vulnerabilities, individual incidents, and privacy issues regarding United States homeland security.

(G) Assuming the responsibilities carried out by the Critical Infrastructure Assurance Office before the date of the enactment of this Act.

(J) Assuming the responsibilities carried out by the National Infrastructure Protection Center before the date of the enactment of this Act.

(K) Supporting and overseeing the management of the Institute for Information Infrastructure Protection.

(3) DIRECTORATE FOR EMERGENCY PREPAREDNESS AND RESPONSE.—The Directorate for Emergency Preparedness and Response, which shall be responsible for the following:

(A) Carrying out all emergency preparedness and response activities carried out by the Federal Emergency Management Agency before the date of the enactment of this Act.

(B) Assuming the responsibilities carried out by the National Domestic Preparedness Office before the date of the enactment of this Act.

(C) Organizing and training local entities to respond to emergencies and providing State and local authorities with equipment for detection, protection, and decontamination in an emergency involving weapons of mass destruction.

(D) Overseeing Federal, State, and local emergency preparedness training and exercise programs in keeping with current intelligence estimates and providing a single staff for Federal assistance for any emergency (including emergencies caused by flood, earthquake, hurricane, disease, or terrorist bomb).

(E) Creating a National Crisis Action Center to act as the focal point for monitoring emergencies and for coordinating Federal support for State and local governments and the private sector in crises.

(F) Establishing training and equipment standards, providing resource grants, and encouraging intelligence and information sharing among the Department of Defense, the Federal Bureau of Investigation, the Central Intelligence Agency, State emergency management officials, and local first responders.

(G) Coordinating and integrating activities of the Department of Defense, the National Guard, and other Federal agencies into a Federal response plan.

(H) Coordinating activities among private sector entities, including entities within the medical community, with respect to recovery, consequence management, and planning for continuity of services.

(I) Developing and managing a single response system for national incidents in coordination with the Department of Justice, the Federal Bureau of Investigation, the Department of Health and Human Services, and the Centers for Disease Control.

(J) Maintaining Federal asset databases and supporting up-to-date State and local databases.

(b) ESTABLISHMENT OF OFFICE OF SCIENCE AND TECHNOLOGY.—There is established in the Agency an Office of Science and Technology, the purpose of which shall be to advise the Director regarding research and development efforts and priorities for the directorates established in subsection (a).

## **SEC. 6. REPORTING REQUIREMENTS.**

(a) BIENNIAL REPORTS.—The Director shall submit to Congress on a biennial basis—

(1) a report assessing the resources and requirements of executive agencies relating to border security and emergency preparedness issues; and

(2) a report certifying the preparedness of the United States to prevent, protect against, and respond to natural disasters, cyber attacks, and incidents involving weapons of mass destruction.

(b) ADDITIONAL REPORT.—Not later than the date that is one year after the date of the enactment of this Act, the Director shall submit to Congress a report—

(1) assessing the progress of the Agency in—

(A) implementing the provisions of this Act; and

(B) ensuring the core functions of each entity transferred to the Agency are maintained and strengthened; and

(2) recommending any conforming changes in law necessary as a result of the enactment and implementation of this Act.

## **SEC. 7. COORDINATION WITH OTHER ORGANIZATIONS.**

The Director shall establish and maintain strong mechanisms for the sharing of information and intelligence with United States and international intelligence entities.

## **SEC. 8. PLANNING, PROGRAMMING, AND BUDGETING PROCESS.**

The Director shall establish procedures to ensure that the planning, programming, budgeting, and financial activities of the Agency comport with sound financial and fiscal management principles. Those procedures shall, at a minimum, provide for the planning, programming, and budgeting of activities of the Agency using funds that are available for obligation for a limited number of years.

## **SEC. 9. ENVIRONMENTAL PROTECTION, SAFETY, AND HEALTH REQUIREMENTS.**

The Director shall—

- (1) ensure that the Agency complies with all applicable environmental, safety, and health statutes and substantive requirements; and
- (2) develop procedures for meeting such requirements.

## **SEC. 10. EFFECTIVE DATE.**

This Act shall take effect on the date that is months after the date of the enactment of this Act.

**PROPOSED FINAL BILL**  
**A BILL**

To amend title 10, United States Code, relating to the Assistant Secretaries of Defense.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the \_\_\_\_\_ Act of 2001/2002.

SECTION 2. AMENDMENT TO TITLE 10.

Section 138(a) of title 10, United States Code, is amended by amending the following:

(a) change "nine" to "ten". It should read:

"(a) There are ten Assistant Secretaries of Defense, appointed from civilian life by the President, by and with the consent of the Senate."

(b) add:

"(6) One of the Assistant Secretaries shall be the Assistant Secretary of Defense for Homeland Security. He shall have as his principal duty the overall supervision (including oversight of policy and resources) of homeland security activities of the Department of Defense. The Assistant Secretary is the principal civilian adviser to the Secretary of Defense on homeland security matters including all military support to civil authorities, and (after the Secretary and Deputy Secretary) is the principal homeland security official within the senior management of the Department of Defense."

## **Executive Order XX – Homeland Security Intelligence Activities**

Good intelligence is the key to preventing attacks on the homeland and therefore homeland security should become one of the intelligence community's most important missions. Better human intelligence must supplement technical intelligence, especially on terrorist groups covertly supported by states. Fuller cooperation and more extensive information-sharing with friendly governments will also improve the chances that perpetrators will be detained, arrested, and prosecuted before they ever reach U.S. borders. The intelligence community also needs to embrace cyber threats as a legitimate mission and to incorporate intelligence gathering on potential strategic threats from abroad into its activities. For that purpose, by the authority vested in me as President by the Constitution and statutes of the United States of America, and in order to enhance the security of the United States by improving the quality and effectiveness of intelligence available to the United States, it is ordered as follows:

Section 1. The National Intelligence Council shall include homeland security and asymmetric threats as an area of study.

Section 2. There is hereby established within the National Intelligence Council, a National Intelligence Officer with the homeland security portfolio. The National Intelligence Officer for homeland security shall be appointed by the Director of Central Intelligence.

Section 3. The National Intelligence Officer for homeland security shall produce National Intelligence Estimates as needed.

## **Executive Order XX – National Guard Homeland Security Activities**

The National Guard, whose origins are to be found in the state militias authorized by the United States Constitution, should play a central role in the response component of a layered homeland defense strategy. For that purpose, by the authority vested in me as President by the Constitution and statutes of the United States of America, and in order to enhance the security of the United States by improving the quality and effectiveness of homeland security activities, it is ordered as follows:

Section 1. The Secretary of Defense shall assign homeland security to the National Guard as a primary mission and shall ensure that the National Guard is reorganized, trained, and equipped to undertake the homeland security mission.

At present the Army National Guard is primarily organized and equipped to conduct sustained combat overseas. In this the Guard fulfills a strategic reserve role, augmenting the active military during overseas contingencies. At the same time, the Guard carries out many state-level missions for disaster and humanitarian relief as well as consequence management. For these, it relies upon the discipline, equipment, and leadership of combat forces. The National Guard should redistribute resources currently allocated predominantly to preparing for conventional wars overseas to provide greater support to civil authorities in preparing for and responding to disasters, especially emergencies involving weapons of mass destruction.

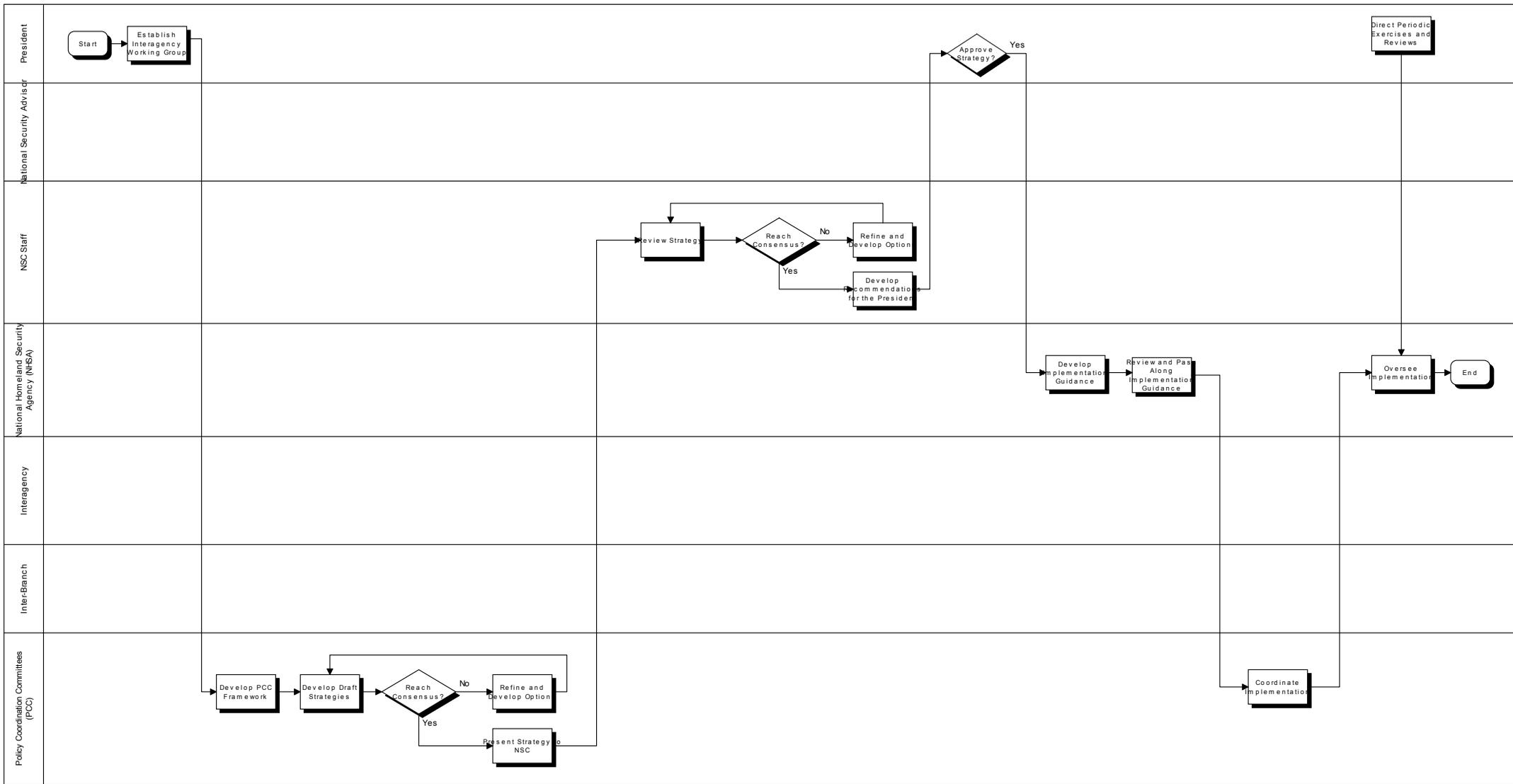
Such redistribution should flow from a detailed assessment of force requirements for both theater war and homeland security contingencies. The Department of Defense should conduct such an assessment, with the participation of the state governors and the NHSA. In setting requirements the Department should minimize having forces with dual missions or relying on active forces detailed for major theater war.

The National Guard should be reorganized to fulfill its historic and Constitutional mission of homeland security. It should provide a mobilization base with strong local ties and support. It is already "forward deployed" to achieve this mission and should:

- Participate in and initiate, where necessary, state, local and regional planning for responding to a WMD incident;
- Train and help organize local first responders;
- Maintain up-to-date inventories of military resources and equipment available in the area on short notice;
- Plan for rapid inter-state support and reinforcement; and
- Develop an overseas capability for international humanitarian assistance and disaster relief.

**APPENDIX C:  
HOMELAND SECURITY PROCESS MAPS**

# HLS RECOMMENDATION 1: COMPREHENSIVE STRATEGY - STRATEGIC PLANNING PROCESS MAP





**Road Map for National Security  
Addendum on Implementation**



**National Security Council Implementation Plan**

*Prepared for the U.S. Commission on National Security/21<sup>st</sup> Century*

## Executive Summary

The U.S. Commission on National Security/21<sup>st</sup> Century (USCNS/21) has made five recommendations that affect national security policy and budget development, and the role and structure of the National Security Council.

<b>USCNS/21<sup>ST</sup> CENTURY RECOMMENDATIONS<sup>1</sup></b>
14. The President should personally guide a top-down strategic planning process and delegate authority to the National Security Advisor to coordinate that process.
15. The President should prepare and present to the Congress an overall national security budget to serve the critical goals that emerge from the National Security Council strategic planning process. Separately, the President should continue to submit budgets of the individual national security departments and agencies for Congressional review and appropriation.
16. The National Security Council should be responsible for advising the President and for coordinating the multiplicity of national security activities, broadly defined to include economic and domestic law enforcement activities as well as the traditional national security agenda. The NSC advisor and staff should resist the temptation to assume a central policymaking and operational role.
17. The President should propose to the Congress that the Secretary of Treasury be made a statutory member of the National Security Council.
18. The President should abolish the National Economic Council, distributing its domestic economic policy responsibilities to the Domestic Policy Council and its international economic responsibilities to the National Security Council.

**Table 1. Summary of National Security Council-related Recommendations**

This implementation plan provides suggested actions to initiate USCNS/21 recommendations for emphasizing strategic planning and budgeting, and improving national security policymaking. The Commission recommends that the Assistant to the President for National Security Affairs (National Security Advisor) coordinate a top-down strategic planning process and preparation of a national security budget. The Commission also recommends the National Security Advisor and National Security Council (NSC) staff refrain from a policymaking and operational role; the Secretary of the Treasury become a statutory member of the National Security Council; and the National Economic Council (NEC) be abolished, distributing its responsibilities to the NSC and Domestic Policy Council.

Of the five recommendations in this implementation plan, one requires legislation: establishing the Secretary of the Treasury as a statutory member of the NSC. The remaining recommendations can be implemented through presidential directive or Executive Order.

The key issue identified in this implementation plan includes managing cultural change with regard to national security strategic planning. Within some departments cultural impediments to planning exist that will impact the establishment of an effective national security strategic planning process since long-range planning is counter to some departments' culture.

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<sup>1</sup> Recommendations addressed in this implementation plan are extracted from *Road Map for National Security: Imperative for Change*, the U.S. Commission on National Security/21<sup>st</sup> Century (USCNS/21)'s Phase III report, posted on January 31, 2001 at [www.nssg.gov](http://www.nssg.gov), and published on March 15, 2001. All references are based on the published version. (Hereafter cited as *Road Map*.)

Cultural impediments could also hinder redefining the role of the National Security Advisor and staff as "honest brokers" and policy coordinators, while refraining from involvement in operational activities and policy formulation.

# Implementation Plan: National Security Council

## I. READER'S GUIDE

This reader's guide provides a brief introduction to the contents and layout of this implementation plan.

### A. Background

The charter that created the United States Commission on National Security/21<sup>st</sup> Century (USCNS/21) directed the Commission to include implementation concepts for its recommendations as part of its final report.<sup>2</sup> This document provides those concepts for the Commission's recommendations pertaining to the National Security Council (NSC).

At the outset of its work in 1998, the Commission identified the need to reevaluate the national security structure in order to integrate the diverse components required to support national security early in the 21<sup>st</sup> century. It addressed threats in its initial report, *New World Coming: American National Security in the 21<sup>st</sup> Century*, and elaborated on strategies to deal with these threats in its second report, *Seeking a National Strategy: A Concert for Preserving Security and Promoting Freedom*.<sup>3</sup> In its third report, *Road Map for National Security: Imperative for Change*, the Commission offers specific recommendations for organizing the U.S. national security apparatus to streamline crosscutting policymaking and integrate international economics into national security policymaking.

### B. Scope of Implementation Plan

This plan identifies steps to implement the recommendations offered by the Commission. These actions are meant to guide the reader in understanding the implications of the recommendations provided by the Commission. The plan also highlights issues raised by the recommendations, including challenges in implementing them, and provides options to facilitate implementation. Throughout the plan, tables are used to simplify presentation, and format remains the same for each recommendation to facilitate comparisons.

The Commission's final report, *Road Map for National Security: Imperative for Change*, contains five major recommendations suggesting National Security Council coordination of a strategic planning process, and improving the structure of the National Security Council and its staff.<sup>4</sup> Specifically, the recommendations focus on devising a top-down strategic planning process aimed at linking national security objectives to resource allocation and, in so doing, preparing an overall national security budget; streamlining the functioning of the NSC staff by re-orienting it as a national security policy coordinator to oversee crosscutting policies; establishing the Secretary of the Treasury as a statutory member of the National Security Council; and dissolving the National Economic Council, integrating its international economic responsibilities with the NSC and domestic economic responsibilities with the Domestic Policy Council (DPC).

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<sup>2</sup> USCNS/21 Charter, July 1998 is contained in Appendix 2 of *Road Map*.

<sup>3</sup> All USCNS/21 reports are available at the Commission's website [www.nssg.gov](http://www.nssg.gov).

<sup>4</sup> *Road Map* also contains a synopsis of the findings contained in earlier Commission reports.

### **C. Implementation Plan Layout**

Section II of this plan provides a blueprint for implementing the Commission's recommendations pertaining to the National Security Council. This section suggests actions that could achieve the objectives laid out in the recommendations for developing a national security strategic planning process and national security budget; limiting the role of the National Security Advisor and NSC staff; and further integrating international economics into national security policy. This section also identifies responsibility for those actions and provides a timeline for each action. Appendix B includes a matrix summarizing the information in this section.

Section III describes issues, challenges, and opportunities raised by the recommendations and presents potential courses of action to address them.

Section IV describes means by which the recommendations can be implemented, including legislative and executive actions. Draft legislative language and notional executive order language to implement these recommendations are included in Appendices C and D.

Section V describes implications for the personnel affected by these recommendations.

Section VI includes the appendices.

## II. IMPLEMENTATION BLUEPRINTS

### A. National Security Strategic Planning

In an effort to provide an overall strategic framework to guide national security policymaking and resource allocation, the Commission recommends developing a strategic planning process that integrates capabilities across Executive Branch agencies.

**Recommendation 14:** *The President should personally guide a top-down strategic planning process and delegate authority to the National Security Advisor to coordinate that process.*

**1. Background.** In their detailed assessment, the Commission recognized a disconnect between the process for establishing national security objectives and the process for allocating resources. Responding to the complex threat environment described in the Commission's Phase I report, *New World Coming: American National Security in the 21<sup>st</sup> Century*, requires an integrated approach combining the capabilities of a number of Executive Branch agencies. This can be achieved through National Security Council-coordinated interagency planning. Crisis response often consumes attention, leaving little or no time for deliberate planning. The Commission recommends crosscutting planning, which captures the President's national security priorities and translates them into long-term plans that will guide resource allocation.

The Commission's recommendation proposes a framework designed to integrate domestic, foreign, military, and economic policies by centralizing the overall direction and management of the country's national security activities. The framework would guide national security activities by means of a strategic planning process that lays out "how the allocation of resources ... serves the nation's overall national security goals."<sup>5</sup> Consequently, the process would institute closer coordination and cooperation between agencies on national security matters, especially by drawing in Executive Branch agencies not traditionally involved in national security.

**2. Implementation Blueprint.** The blueprint in Table 2 provides suggested actions to implement the Commission's recommendation, describes who is responsible for the action, and suggests when the action should be initiated.<sup>6</sup>

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<sup>5</sup> *Road Map*, p. 48.

<sup>6</sup> This implementation blueprint is designed to accommodate the Bush Administration's National Security Council system as described in National Security Presidential Decision (NSPD)-1.

<b>Actions</b>	<b>Responsibility</b>	<b>Timeline</b>
Task the National Security Advisor to institute a top-down strategic planning process	President	As soon as practicable (should be linked to the budget preparation cycle)
Initiate and coordinate an NSC staff outline of priority goals and objectives based on the President's national security vision	National Security Advisor	As soon as possible after decision to establish strategic planning process
Establish national security strategic goals and priorities that provide the basis for the National Security Strategy (NSS)	NSC Principals	Within 30 days after receiving NSC staff outline
Evaluate goals and priorities identified by Principals and translate into specific guidance; draft the <i>National Security Planning Guidance</i> (NSPG) document	NSC Deputies Committee (NSC/DC) and Office of Management and Budget (OMB) Director (document drafted by NSC staff)	Within 60 days after receiving priorities from Principals, finalized by March
Approve and distribute NSPG on a limited basis	President	No later than March

**Table 2. Suggested National Security Strategic Planning Process**

To initiate a formal strategic planning process, the President should issue a directive tasking the Assistant to the President for National Security Affairs (APNSA or National Security Advisor) to coordinate a top-down planning process that fosters a coherent national security policy effectively linking policy, strategy, programming and budgeting. See Appendix A for a process map that highlights the groups involved in the strategic planning process.

Since the process would be designed to guide department and agency activities that fulfill the President's national security vision, it should be initiated and coordinated by the National Security Advisor. National Security Council staff should prepare an outline of the President's top priority national security goals and objectives based on his vision. The NSC Principals<sup>7</sup> should use the outline as a starting point to translate the President's vision into defined, strategically critical goals and priorities, which would eventually form the basis for the National Security Strategy (NSS).

Together with the NSC Deputies Committee (NSC/DC), NSC staff would draft more specific guidance based on the critical strategic goals and priorities identified by the NSC Principals for the Deputies review and approval. This relatively short, classified document (possibly 20-25 pages) would provide substance to the Principals' goals and priorities, resulting in the *National Security Planning Guidance* (NSPG). Conceptually, this document would link the President's strategically critical goals and priorities with regional objectives integrating

<sup>7</sup> The term "NSC Principals" refers to the NSC Principals Committee, which is the senior interagency forum for considering policy issues affecting national security. Under NSPD-1, the Principals Committee consists of the Secretaries of State, Treasury, and Defense, the Chief of Staff to the President, and chaired by the National Security Advisor. The Director of Central Intelligence, Chairman of the Joint Chiefs of Staff, Attorney General, and Director of the Office of Management and Budget may participate as necessary.

foreign policy, economic and military activities; assign responsibility for the development of deliberate plans for intelligence collection, engagement and contingency operations; direct resource allocation of crosscutting activities including preventative diplomacy, crises response, non-proliferation, counter-terrorism, and homeland security; provide fiscal guidance; and specify directions for resource allocation to meet presidential priorities. It is essential that the Director of the Office of Management and Budget (OMB) be involved to provide management, programming, and budgeting advice. Development of the NSPG could use the NSC organizational structure to rationalize department and agency crosscutting activities. The NSC/DC, NSC Principals Committee (NSC/PC), and OMB would review the NSPG, ensuring it incorporates coordinated policy direction and priorities.

Once the President approves that the *National Security Planning Guidance* reflects his priorities and provides sufficient instruction for the departments, it should be distributed on a limited basis for implementation. Launching the process will require additional time to establish the procedures. Once prepared, the *National Security Planning Guidance* should build upon the previous NSPG. Its preparations should precede the departments' budget preparation and, ideally, distribution of the final NSPG should occur in March to initiate departments' budget and planning processes.

The departments should use the *National Security Planning Guidance* to direct the development of their budget submissions. The NSPG would be broad, highlighting critical goals for applicable departments, but provide enough detail to instruct and guide departments as to priority programs and activities. Additionally, the national security planning process would not necessarily be required annually because it would provide long-term policy objectives that would not change in one budget cycle.

**3. Process Chart.** See Appendix A for a process map outlining the *National Security Planning Guidance* strategic planning process.

**4. Personnel Implications.** Establishing a top-down strategic planning process would have minimal staffing implications. Implementing the recommendation relies upon NSC staff and the National Security Council interagency process in which personnel would be involved as part of their normal duties. However, it might be advantageous to recruit some NSC staff with strong management and planning skills to assist the NSC/DC in drafting the NSPG, and oversee and track the progress of the strategic planning process.

**5. Issues.** By initiating development of the guidance and approving its final form, the President provides the interagency community with the caliber of leadership that has sometimes been absent in the past. The interagency community, aware of his role and interests and equipped with an authoritative document, is in a better position to plan, program, and respond to the strategic environment in a systematic way.

Linking the NSPG to the President's annual budget is key to optimizing its value. In this sense it is closely related to Recommendation 15, which calls for the development of an overall national security budget. The NSPG translates the President's national security goals, objectives, and priorities into operationally useful directions. Both the resulting document and the process by which it is prepared are important for enhancing national security to meet 21<sup>st</sup> century threats. By linking the *National Security Planning Guidance* to annual budget submissions, the President

and his top advisors have a framework to evaluate and integrate department programs and budgets.

The NSPG preparation process brings together in a disciplined manner key interagency players to examine issues and events. In turn, this will improve interagency planning and coordination. Although it may be argued that an annual review will be time consuming, once the initial NSPG has been approved and disseminated, subsequent versions would be evolutionary and less difficult to produce. Reviewing programmatic issues at the macro level in light of the President's objectives and priorities, the NSPG preparation process offers opportunities to examine plans and improve planning coordination as well as to identify and refine responsibilities and roles.

While the NSPG would form the basis for programs and planning, it would also serve as the foundation for the National Security Strategy. The NSS is an unclassified document that Congress requires the Administration to publish annually. However, the NSPG will be a classified Executive Branch Working document, and thus its distribution will be limited.

A central impediment to the *National Security Planning Guidance* and the process by which it is produced will be bureaucratic inertia. The reluctance of some departments and agencies to engage in long-range planning could impede the success of the national security strategic planning process. For many, "long range" is measured in months, or at most a year. There is a cultural preference for this in some departments. If part of the periodic reviews of the NSPG include reviews of plans, as they should, then this is likely to engender resistance on the part of activities that do not engage in rigorous long-range planning.

Bureaucratic impediments also could hinder the effectiveness of the strategic planning process and will require both leadership and meaningful incentives to overcome. Some have argued that the lack of meaningful change in the past was in part due to the absence of top-down leadership. Without it, the bureaucracies were able to capture key processes and products. When changes occurred, they were at the margins and resulted from trade-offs that protected the equities of all involved. There is no guarantee that the NSPG will eliminate this and, indeed, without senior leadership involvement, it too could be another bureaucratic exercise. This involvement has to be substantive, and, where matters are delegated to subordinate groups, members of the NSC/DC and NSC/PC must hold them accountable for adhering to guidance. In a very real sense, the men and women the President appoints to his Administration will have to hold the line on his goals and objectives against entrenched bureaucratic elements. The more the President changes the nation's national security goals and priorities to deal with new realities, the more resistance will be encountered. The President's appointees must be alert to this and exert control over the NSPG production process and programming and budgeting processes.

Maintaining this control will require the use of authority granted to appointees by virtue of their positions, and development of meaningful incentives. If the line is held only by dint of authority, the result is likely to be malicious compliance—a state in which the bureaucracy drags its feet or, in the extreme, purposefully makes wrong turns while it waits out the Administration. Appointees should provide the leadership that will win over bureaucratic opponents and implement measures as appropriate. Whatever the approach, senior appointees should be alert to the need for incentives for change and adopt those that are most likely to help them make their case.

Once the initial NSPG has been developed, there will be a tendency to neglect it, relying instead on lower levels to implement it and keep it current. While the press of other matters makes this understandable, allowing this to happen is likely to undermine an excellent concept. The NSPG must be seen as a dynamic document that emerges from an ongoing process in which the Administration's senior leadership maintains a continuing interest.

## **B. National Security Budget**

In order to resource activities that support the strategic goals and priorities identified in the national security strategic planning process (see previous recommendation), a national security budget should be prepared.

***Recommendation 15:*** *The President should prepare and present to the Congress an overall national security budget to serve the critical goals that emerge from the NSC strategic planning process. Separately, the President should continue to submit budgets for the individual national security departments and agencies for Congressional review and appropriation.*

**1. Background.** The Commission recommends a "goal-oriented budget" designed to highlight "the most critical national security goals," delineating select departmental programs and activities that contribute to key national security policy goals and the resources required to achieve those goals.<sup>8</sup> Establishing a national security budget is likely to improve Executive Branch management by highlighting the visibility of budget items that support these key national security goals. For example, the first national security budget may consolidate a few crosscutting budget items such as homeland security, counter-terrorism, nonproliferation, nuclear threat reduction, and science and technology. Over time, as the process is refined, it may evolve to incorporate additional crosscutting security issues. Meanwhile, identifying the multiple activities that support crosscutting strategic goals will make gaps, seams, and overlaps become apparent, allowing the President to make trade-offs between activities to fulfill his priorities. In addition, preparing a goal-oriented budget would highlight efficiencies so resources could be channeled towards preventive strategies.

**2. Implementation Blueprint.** The blueprint in Table 3 provides suggested actions to implement the Commission's recommendation, describing who is responsible for the action and when the action should be initiated.

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<sup>8</sup> *Road Map*. pp. 48-49.

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
Task National Security Advisor and the Director of OMB to initiate development of a pilot national security budget	President	Following completion of NSPG
Provide guidance for developing the pilot national security budget to select departments and agencies involved in key crosscutting national security activities	National Security Advisor and Director of OMB through NSC staff	Concurrent with above
Direct and ensure the select departments' budget submissions are developed to reflect <i>National Security Planning Guidance</i> and include pilot annex to regular budget submission with the key crosscutting national security activity line items duplicated from department budget	Department Principals and Deputies	June – September
Review department budget submissions for compliance with <i>National Security Planning Guidance</i> and pass back to departments with further guidance and instruction, as necessary	OMB	September – November
Combine department-identified cross-functional line items into an integrated pilot national security budget annex for the President's approval	OMB	September – December
Consult with Congress conveying the value of separate cross-functional budget and receive feedback from Congress	OMB and White House Congressional Liaison staff	December– January
Submit pilot national security budget to Congress as annex to President's budget request	White House	No later than the first Monday of February

**Table 3. Suggested Development of a Pilot National Security Budget**

Recommendation 14 advocates a framework for establishing strategic priorities that links strategy to resources through planning. The strategic planning process should be tied to the budget cycle to achieve the best results. In so doing, the framework lays the foundation for developing an integrated national security budget as recommended by the Commission.

While it is usually the Office of Management and Budget's role to ensure resources correspond to policy priorities, the security environment has become increasingly complex, making it difficult to assess multiple department programs that may directly or indirectly correlate with critical strategic goals identified by the President and the NSC Principals. The national security strategic planning process attempts to align department programs and activities to national security priorities by means of the *National Security Planning Guidance* (described in

the previous recommendation), which could also cultivate the eventual development of a comprehensive national security budget.

An initial budget should be developed to consolidate key cross-functional issues before deciding to establish a complete national security budget. The initial, or pilot, national security budget would not be a full national security budget, but rather an expanded cross-functional budget compiling critical crosscutting areas. The President should designate the National Security Advisor and Director of OMB to direct and provide guidance for developing the pilot national security budget to select departments and agencies involved in key cross-functional activities. This budget would initially consolidate key crosscutting national security activities such as homeland security, counter-terrorism, nonproliferation, nuclear threat reduction, and science and technology. In addition to consolidating crosscutting activities, the process would identify the total effect of cross-functional activities, gaps and duplication as well as potential trade-offs between agencies' programs.

Initially, the pilot national security budget would be composed of critical crosscutting activities described above. The National Security Advisor, NSC staff, and OMB would prepare guidance for departments to develop their pilot national security budget annex that would include only the department's activities and programs that support the identified crosscutting activities (i.e., homeland security, counter-terrorism, etc.). Department principals and/or deputies should be responsible for overseeing the pilot national security budget annex preparation and ensuring it reflects the national security strategic goals and priorities outlined in the NSPG. During the budget review process, OMB would also ensure departments' budgets reflect the *National Security Planning Guidance* and are aligned with national security priorities. As in the current budget review process, OMB would pass back budgets for further action, as appropriate after its review. The "pass back" is based upon OMB decisions concerning the budget and provides additional guidance and instruction to the department. See Appendix A for a more detailed description of the budget process.

Meanwhile, Congress should be consulted as to the purpose and value of cross-functional budgets. This action would provide the opportunity for Congress to offer improvements to the process and product. White House and OMB Congressional Liaison staff should undertake the responsibility to inform Congress of the national security budget annex prior to submitting the President's budget request in early February to receive feedback.

Once the budget review process is finalized by OMB and approved by the President, the budget request along with the pilot national security budget annex should be sent to Congress no later than the first Monday in February.

**3. Process Chart.** See Appendix A for a process map depicting the budget process.

**4. Personnel Implications.** Implementation of this recommendation relies on using current department budget preparation processes, NSC, and OMB staff. However, to develop a full national security budget would require a modest staff increase at the department level in order to identify and consolidate national security line items from within a department's budget to create the national security annex.

**5. Issues.** Establishing a national security budget is an effort to emphasize each department's programs and activities that contribute to the rising number of crosscutting national

security activities. It also provides visibility over resources so they can be managed in accordance with the President's national security priorities, and provides feedback into the NSPG process to assist in reallocating funds, if necessary. Implementing new procedures to the budget cycle may initially encounter bureaucratic resistance, because "visibility" over funding priorities may place other funding areas at risk. This process may also take some time for adjustment. The process assumes the NSC Principals and Deputies, along with NSC staff, will promulgate the *National Security Planning Guidance* that will assist departments in identifying their budget line items to be included in the national security budget annex.

### **C. National Security Council Role**

The Commission believes that the role of the National Security Council has evolved from that of Presidential national security staff and coordinator to public spokesmen and policymaker. This recommendation suggests that, since the National Security Advisor and NSC staff are, in fact, the President's staff not subject to Senatorial confirmation, policymaking, and operational activities should remain with accountable Cabinet-level officials that are required to answer to Congress.

***Recommendation 16:*** *The National Security Council should be responsible for advising the President and for coordinating the multiplicity of national security activities, broadly defined to include economic and domestic law enforcement activities as well as the traditional national security agenda. The NSC advisor and staff should resist the temptation to assume a central policymaking and operational role.*

**1. Background.** The role of the National Security Advisor was originally perceived as that of an "honest broker," presenting policy options and alternatives to the President and overseeing national security policy development and implementation. However, the National Security Advisor and the NSC staff have taken on an operational role as opposed to a policy coordination role. Their involvement in operational functions detracts from their intended functions as policy coordinators and overseers of policy implementation. The Commission believes that the changing role of the National Security Advisor and the NSC staff has occurred because Presidents have increasingly centralized policy making and execution within the NSC. This has partly resulted from the increasing overlap of domestic, economic, and foreign policy, making it difficult to identify a department or agency to lead on a particular policy issue.

**2. Implementation Blueprint.** Since the National Security Advisor and NSC staff are the President's national security staff, it is at the President's discretion whether to implement this recommendation, or how best to do so. The blueprint in Table 4 provides suggested actions to implement the Commission's recommendation, describing who is responsible for the action and when the action should be initiated.

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
Establish a mandate for NSC staff through Presidential directive	President	As soon as possible (include in Presidential directive)
Consolidate NSC support functions such as legislative, press, communications, and speech writing functions with White House staff	President	As soon as possible (include in Presidential directive)

**Table 4. Suggested Actions to Clarify Role of NSC Advisor and Staff**

The roles and responsibilities of the Assistant to the President for National Security Affairs (or National Security Advisor) and the NSC staff should be identified in the President's directive establishing the Administration's interagency process.<sup>9</sup> These roles and responsibilities should accommodate the President's management style, give the National Security Advisor and staff authority to act as the honest broker and policy coordinator for interagency issues, but limit operational and policymaking authority.

In a subsequent directive, the White House Chief of Staff (or other senior official) should reconfigure the NSC staff in a manner that facilitates timely and useful advice and policy coordination. This directive should include re-assigning communications, press, legislative, and speech writing activities to the White House staff.

Presently, the current Administration has already taken steps to return the position of the National Security Advisor to an honest broker role and reduced staff levels by a third. The NSC's communications and legislative responsibilities have been eliminated, while the press and speechwriting staffs have been trimmed.<sup>10</sup>

**3. Organization/Process Map.** No significant process implications were identified.

**4. Personnel Implications.** No significant personnel implications were identified.

**5. Issues.** The management style of the President and National Security Advisor will influence the culture of the National Security Council staff to a certain degree; however, implementing this recommendation still may encounter cultural resistance due to predetermined perceptions as to the role of the NSC staff established in the previous Administration. Incoming NSC staff may perceive themselves as an operational entity, expecting to have a hand in policy formulation. It may become more difficult to attract high quality staff if it is perceived they will not have a role in policymaking. In order to return the NSC advisor and staff to the role of "honest broker" and policy coordinator, NSC staff candidates should be recruited using specific qualification criteria. Recruiting NSC staff from think tanks and academia may impart a culture of analytical and strategic thinking, but could also inject negative characteristics such as the lack of practical knowledge about the workings of the national security apparatus. Additionally, more

<sup>9</sup> This has been accomplished with the publication of National Security Presidential Directive-1, "Organization of the National Security Council System."

<sup>10</sup> DeYoung, Karen and Steven Mufson. "A Leaner and Less Visible NSC" *Washington Post*. 10 February, 2001. p. A01.

analytical-minded staff are more likely to consider unintended consequences and impacts beyond the objective of a particular policy. Instilling these types of staff characteristics in the NSC could promote a culture complementary to other proposed tasks and roles recommended by the Commission, including supporting NSC Principals and Deputies in preparing the *National Security Planning Guidance*, predisposing the staff to strategic thinking and long-term planning.

#### **D. Composition of National Security Council**

Recognizing the impact of economics on national security, each President over the past 30 years created a means to integrate international economic issues into national security policymaking.<sup>11</sup> To ensure economic issues are considered and coordinated with national security activities, the Commission recommends the Secretary of the Treasury become a statutory member of the National Security Council.

***Recommendation 17: The President should propose to the Congress that the Secretary of Treasury be made a statutory member of the National Security Council.***

**1. Background.** As global financial and economic issues impact significantly on U.S. national security policy, it is crucial that economic policy be coordinated and integrated with broader national security considerations. The Commission believes that designating the Secretary of the Treasury as a statutory member of the National Security Council "would signify the importance of truly integrating economic policy into national security policy."<sup>12</sup> Additionally, maintaining the Treasury Secretary's direct involvement in national security policymaking would ensure economic implications are considered as national security policy is developed.<sup>13</sup>

**2. Implementation Blueprint.** Because membership of the National Security Council is specified in the United States Code, the President should request the Congress modify the statute to include the Secretary of the Treasury as a permanent member of the NSC. Table 5 below lays out how this proposal could be implemented.

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<sup>11</sup> The Clinton Administration specifically extended formal membership on the National Security Council to the Secretary of the Treasury in Presidential Decision Directive 2. However, because the NSC rarely met under the Clinton Administration, this did not solve the problem of integrating international economics with national security.

<sup>12</sup> *Road Map*. p. 52.

<sup>13</sup> Under the new Administration, the National Security Advisor has expanded NSC meetings to include the Secretary of the Treasury. The Treasury Secretary is still not a statutory member, however, and such membership would imply changes in NSC staff economic expertise to support him.

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
Request that Congress amend Title 50, Section 402 U.S.C. to include the Secretary of the Treasury as a statutory member of the NSC	President	At the President's earliest convenience after taking office
Establish a Policy Coordination Committee (PCC) <sup>14</sup> for international economic and financial policies chaired by the Treasury Department	President	As soon as possible (include in Presidential directive)
Task Treasury with chairing the PCC for International Finance	President	Concurrent with above

**Table 5. Proposed Plan to Statutorily Include Secretary of the Treasury in NSC**

The President should provide language that amends the membership of the National Security Council to include the Secretary of the Treasury. Suggested legislative language is included in Appendix C.

To ensure Treasury Department actions are coordinated with other national security activities within the NSC process, Policy Coordination Committees (PCC) have been established within the NSC structure for international finance and transnational economic issues.<sup>15</sup> These interagency coordination committees are co-equal with other NSC committees and contain appropriate membership.

**3. Organization Chart/Process Map.** No significant organization or processes issues were identified.

**4. Personnel Implications.** No personnel implications were identified other than ensuring appropriate economic expertise is recruited to the NSC staff to support development of economic policy and the Secretary of the Treasury membership. Much of this expertise could come from implementing Recommendation 18 below.

**5. Issues.** No significant issues were identified.

<sup>14</sup> National Security Presidential Directive (NSPD)-1, "Organization of the National Security Council System" designates interagency coordination fora as Policy Coordination Committees (PCC), formerly Interagency Working Groups (IWG).

<sup>15</sup> *Per* the publication of NSPD-1, two NSC/PCC's are established: International Finance (chaired by Treasury) and Transnational Economic Issues (chaired by Assistant to the President for Economic Policy).

## E. Economic Responsibilities of National Security Council

The Commission recommends that the National Security Council be responsible for coordinating international economic policy as well as other national security policies.

**Recommendation 18:** *The President should abolish the National Economic Council (NEC), distributing its domestic economic policy responsibilities to the Domestic Policy Council and its international economic responsibilities to the National Security Council.*

**1. Background.** The Commission advises that international economic and financial policies be closely coordinated and integrated with national security policymaking activities.

### 2. Implementation Blueprint

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
Disestablish the National Economic Council (NEC)	President	Immediately
Appoint a Deputy National Security Advisor responsible for international economic affairs	President	Concurrent with above
Realign responsibilities of DPC and NSC staffs for conducting domestic and international economic policy respectively	National Security Advisor	Within 30 days after above
Appoint more international economic experts to the NSC staff	National Security Advisor	Concurrent with above
Realign responsibilities of NSC, DPC, Council of Economic Advisors, and other economic advisors to the President	President	Concurrently with realigning responsibilities of DPC and NSC staffs

**Table 6. Suggested Integration of Economics with National Security Policy**

Executive Order 12835 established the National Economic Council (NEC) and its purpose was to coordinate domestic and international economic policy. This Executive Order should be revoked and the President should designate the NSC as the entity responsible for international economic policy coordination in his Presidential directive shaping the NSC structure.<sup>16</sup> The NSC directive should also appoint a Deputy National Security Advisor responsible for international economics. Meanwhile, the President should amend Executive Order 12859, "Establishment of the Domestic Policy Council," to include in its functions responsibility for coordinating and overseeing implementation of domestic economic policy.

<sup>16</sup> NSPD-1 does not disestablish the NEC but subsumes most of its responsibilities into the NSC.

Since the NSC and DPC would take on the previous roles of the NEC, the responsibilities of the NSC and DPC staffs would need to be realigned to accommodate the additional functions.

Transferring international economic policy coordination to the NSC is an effort to ensure that economic and financial policies are consistent and integrated with foreign policies. The Commission also recommends the NSC recruit experts in international economics for its regional and functional offices to ensure economic matters are not overlooked. Qualified economists on the NSC staff must be able to support Secretary of the Treasury presence on the NSC (Recommendation 17 above), and integrate international economics into national security policy decisions.

Since coordination and oversight of economic policy would lie within the NSC, DPC, and Council of Economic Advisors (CEA), their roles would have to be clearly defined in order to avoid duplication of responsibilities and avoid disruption of interagency coordination. Additionally, the NSC, DPC, and CEA should work closely together to coordinate their activities and advice to the President. This might be achieved by designating the Deputy National Security Advisor as the President's chief economic advisor in order to oversee and coordinate activities between the NSC, DPC, CEA, as well as the Department of the Treasury. This could be accomplished through regularly scheduled meetings to discuss and coordinate domestic and international economic issues.

**3. Organization/Process Chart.** No significant organizational or process implications were identified.

**4. Personnel Implications.** NEC staff are drawn from the Office of Policy Development in the Executive Office of the President, as well as staff temporarily assigned from other departments or agencies; by fellowships; and shared staffing arrangements with the NSC. Typically, there is considerable staff turnover with a new incoming Administration, so NEC staff would be prepared for changes. The NSC and/or DPC staffs could absorb remaining NEC staff.

While the Commission recommends recruiting staff with international economic expertise the Commission does not believe this recommendation would necessarily require an increase in overall NSC staffing. The Commission recommends reviewing staff functions to determine whether the new organization would allow the transfer of positions from traditional national security functions to economic functions. However, attracting staff with strong economic expertise may prove difficult since professional economists would be less inclined to leave their positions to work in an organization not traditionally recognized in economic ranks.

**5. Issues.** The NEC was designed to integrate domestic and international economic policy development and coordinate economic policy with national security policy. Although it was planned as a counterpart organization to the NSC, the NEC has generally been unable to raise the profile of economic considerations with regard to national security policy formulation. Integrating international economics as a function of the NSC may allow for increased consideration of economic implications in national security policy; however, a gap remains between domestic and international economic policy coordination.

The recommendation suggests separating the responsibilities of the NEC so that domestic economic policy would be managed by the DPC and international economic policy would be managed by the NSC. However, because of increasing globalization and the transnational

character of economics, domestic economic policy will invariably have repercussions internationally and international economic policy will impact the U.S. domestic economy.

The international impact of domestic economic policy will require close coordination between the DPC and NSC. To resolve this gap between domestic and international economic policy development, the Deputy National Security Advisor should be designated as the President's chief economic advisor in order to oversee and coordinate domestic and international economic policy, and promote economic considerations in national security policy formulation.

### **III. ISSUES, OPPORTUNITIES, CHALLENGES**

The National Security Council, the National Security Advisor and the NSC staff reflect the style of the President; therefore, these recommendations rely upon the initiative and leadership of the President and NSC Principals.

#### **A. Strategic Planning Process**

A central impediment to the *National Security Planning Guidance* and the process by which it is produced will be bureaucratic inertia. The reluctance of some departments and agencies to engage in long-range planning could impede the success of the national security strategic planning process. For many, "long range" is measured in months, or at most a year. There is a cultural preference for this in some departments. If part of the periodic reviews of the NSPG include reviews of plans, as they should, then this is likely to engender resistance on the part of activities that do not engage in rigorous long-range planning.

Overcoming bureaucratic impediments requires both top-down leadership and meaningful incentives. Some have argued that the lack of meaningful change in the past was in part due to the absence of top-down leadership. The President's appointees must be alert to this and exert control over the NSPG production process and programming and budgeting processes. Additionally, appointees should identify incentives that will win over bureaucratic opponents and implement them as appropriate.

Once the initial NSPG has been developed, there will be a tendency to neglect it, relying instead on lower levels to implement it and keep it current. While the press of other matters makes this understandable, allowing this to happen is likely to undermine an excellent concept. The NSPG must be seen as a dynamic document that emerges from an ongoing process in which the Administration's senior leadership maintains a continuing interest.

#### **B. National Security Budget**

Establishing a national security budget is an effort to emphasize the rising number of crosscutting national security activities. It also provides visibility over resources so they can be managed in accordance to the President's national security priorities, and provides feedback into the NSPG process to assist in reallocating funds, if necessary. Implementing new procedures to the budget process may initially encounter bureaucratic resistance, because "visibility" over funding priorities may place other funding areas at risk. This process may also take some time for adjustment. The process assumes the NSC Principals and Deputies, along with NSC staff, will promulgate the *National Security Planning Guidance* assisting departments in identifying their budget line items to be included in the national security budget annex.

#### **C. Economic Policy Coordination**

The recommendation to abolish the National Economic Council suggests separating its responsibilities so domestic economic policy would be managed by the Domestic Policy Council and international economic policy would be managed by the National Security Council. However, because of increasing globalization and the transnational character of economics, domestic economic policy will have repercussions internationally and international economic policy will impact the U.S. domestic economy.

The international impact of domestic economic policy will require close coordination between the DPC and NSC. To resolve this gap between domestic and international economic policy development, the Deputy National Security Advisor should be designated as the President's chief economic advisor in order to oversee and coordinate domestic and international economic policy.

## D. Issues and Suggested Approaches

The table below summarizes key issues identified in this implementation plan and the recommended approaches for addressing each challenge.

Issue	Approach
Bureaucratic impediments may hinder the implementation of a top-down strategic planning process.	Senior managers need to demonstrate leadership, while proposing meaningful incentives that will win over bureaucratic opponents. This will require senior leaders to build a climate of trust with employees and convince them that making the change is in the best interest of the organization and will better prepare the organization for the future.
Reluctance of some departments and agencies to engage in long-range planning.	Senior leaders should promote a strategic planning culture among the interagency by including reviews of plans during the periodic reviews of the NSPG.
Absent any forcing function to initiate and maintain the NSPG process, there will be a tendency to neglect it.	The President and senior leaders must take ownership in the NSPG, holding subordinate levels accountable for implementing the process. Also, the President and Principals must demonstrate their commitment to the process so departments will take it seriously. This might involve, for example, speeches, visits to departments by the President, and enforcing the fiscal guidance so that it is in line with the NSPG.
Reluctance of some departments and agencies to participate in developing a functional budget on key crosscutting national security issues.	The President and senior leaders must take ownership in the functional budgeting process and tie it to the NSPG. They must hold subordinate levels accountable for implementing the process, and OMB must be ready to lead and guide preparation of the functional budget.
Predetermined expectations as to the role of NSC staff may deter qualified applicants from pursuing positions on the staff.	Target NSC staff recruitment to candidates from think tanks and academia predisposed to analytical and strategic thinking.
Separating economic policy between the NSC and DPC creates a gap between domestic and international economic policy advice and coordination.	Designate the Deputy National Security Advisor for international economics as the President's chief economic advisor in order to oversee and coordinate domestic and international economic policy.

**Table 7. Suggested Approaches to Recommendation Challenges**

#### IV. IMPLEMENTATION MEANS

Four of the Commission's five recommendations concerning the National Security Council require implementation by means of presidential directive or executive order. Only one recommendation would require legislation to be implemented.

##### A. Legislative Changes

Recommendation 17 would require legislative action. In order to make the Secretary of the Treasury a statutory member of the National Security Council, Title 50, Section 402 of the U.S. Code would require amendment.

Recommendation	Action
The President should propose to the Congress that the Secretary of the Treasury be made a statutory member of the National Security Council.	Legislation

**Table 8. Recommendation Requiring Legislation**

Those Congressional committees with jurisdiction include the House Committee on Government Reform, Subcommittee on National Security, Veterans' Affairs and International Relations; House Appropriations Subcommittee on Treasury, Postal Service, and General Government; Senate Governmental Affairs, Subcommittee on Oversight of Government Management, Restructuring and the District of Columbia; and Senate Appropriations Subcommittee on Treasury and General Government.

See Appendix C for sample draft legislative language.

##### B. Executive Orders

Recommendation 18 would require an Executive Order to disestablish the National Economic Council.

Recommendation	Action
The President should abolish the National Economic Council, distributing its domestic economic policy responsibilities to the Domestic Policy Council and its international economic responsibilities to the National Security Council.	Executive Order

**Table 9. Recommendation Requiring Executive Order**

See Appendix D for a sample draft Executive Order.

### C. Presidential Directives

Three of the Commission's five recommendations affecting the National Security Council could be implemented by means of presidential directive.

<b>Recommendation</b>	<b>Action</b>
Since the centrality of strategy should drive the design and implementation of U.S. national security policies, the President should personally guide a top-down strategic planning process and delegate authority to the National Security Advisor to coordinate that process.	Presidential Directive
The President should prepare and present to the Congress an overall national security budget to serve the critical goals that emerge from the NSC strategic planning process. Separately, the President should continue to submit budgets of the individual national security departments and agencies for Congressional review and appropriation.	Presidential Directive
The National Security Council should be responsible for advising the President and for coordinating the multiplicity of national security activities, broadly defined to include economic and domestic law enforcement activities as well as the traditional national security agenda. The National Security Advisor and staff should resist the temptation to assume a central policymaking and operational role.	Presidential Directive

**Table 10. Recommendations Requiring Presidential Directive**

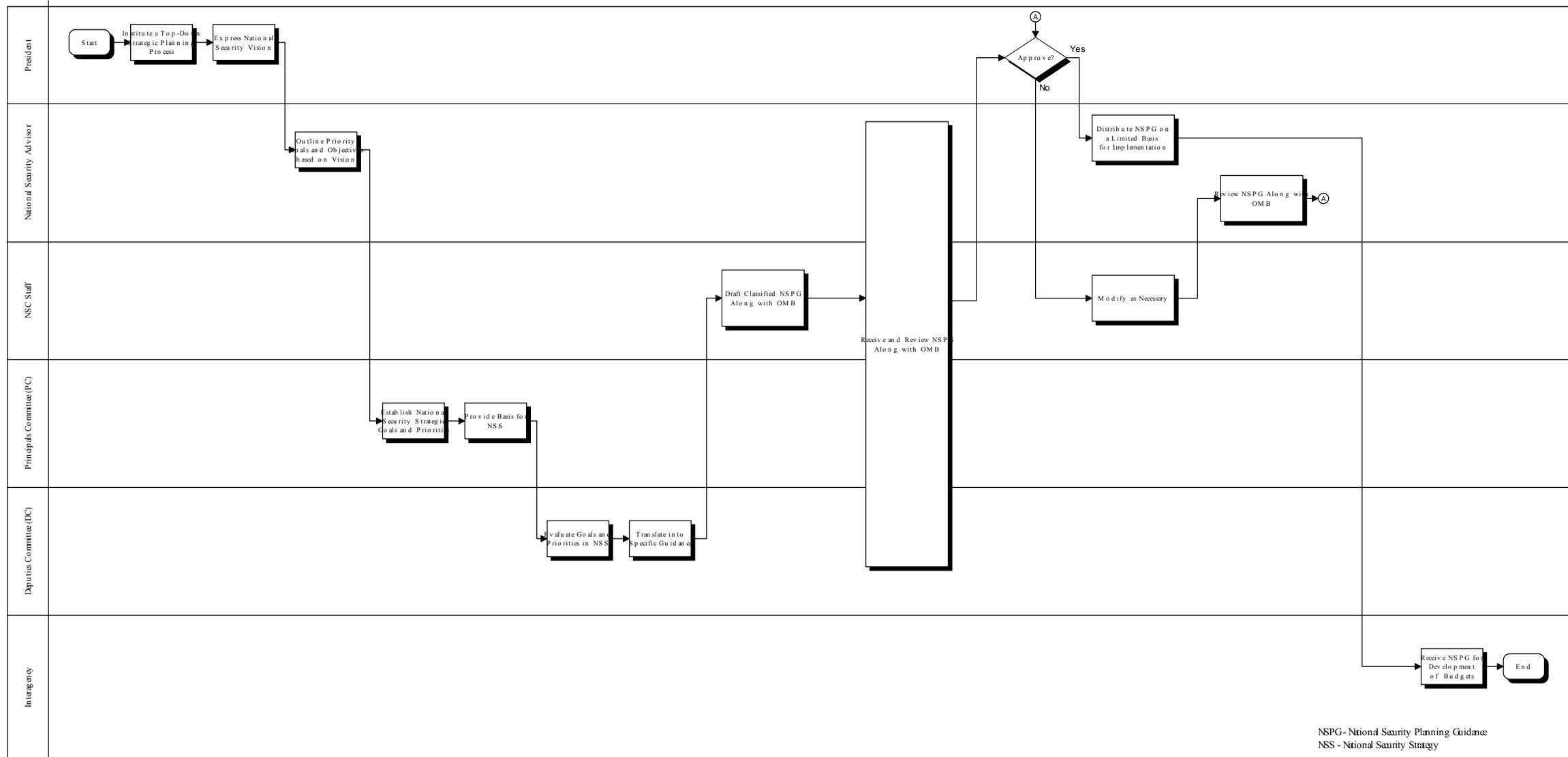
## **V. PERSONNEL IMPLICATIONS**

There are minimal personnel implications incurred by these recommendations. While some of the recommendations imply reducing or eliminating staff, they would not have significant personnel implications since traditionally a large staff turnover occurs in the National Security Council and National Economic Council staff with a new incoming Administration. Many NSC and NEC staff are civil, military, or foreign service employees on temporary assignment, and as a result, they return to their respective departments as Administrations change.

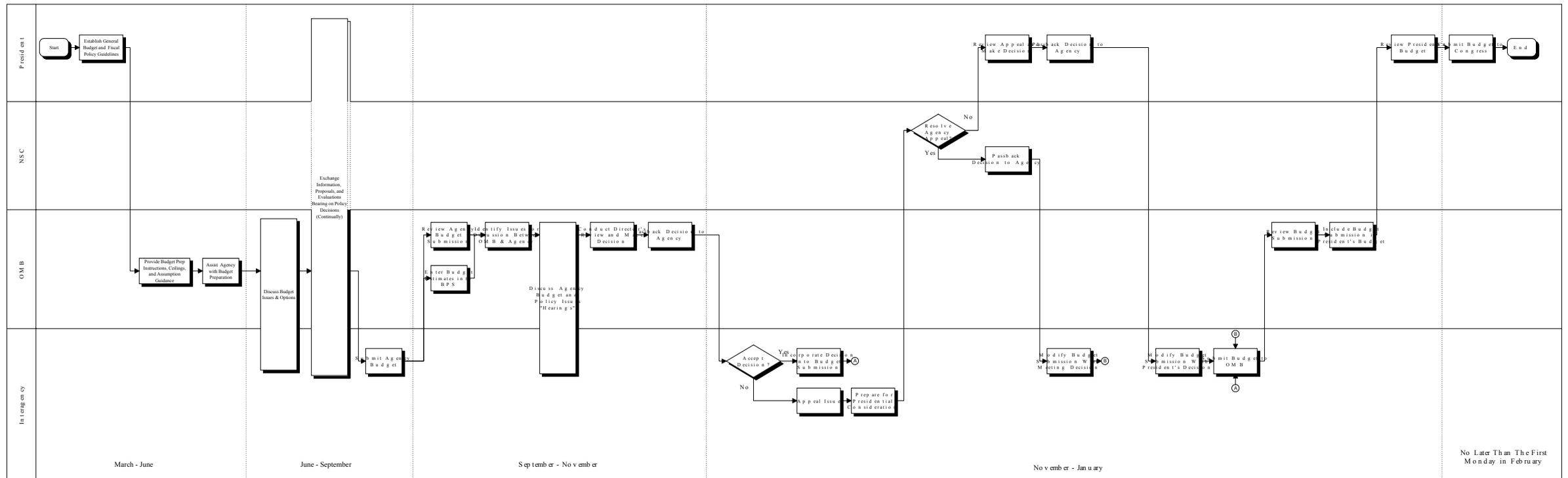
## **VI. APPENDICES**

**APPENDIX A:  
NSC STRATEGIC PLANNING PROCESS MAP**

## NSC – Recommendation 14; Top-Down Strategic Planning Process – National Security Strategic Planning Process



## NSC – Recommendation 15: Overall Budget Preparation Process



**APPENDIX B:  
IMPLEMENTATION BLUEPRINT MATRIX**

Recommendation	Action	Responsibility	Implementation Timeline
<b>Institutional Reform</b>			
<b>Strategic Planning and Budgeting</b>			
The President should personally guide a top-down strategic planning process and delegate authority to the National Security Advisor to coordinate that process.	Task the National Security Advisor to institute a top-down strategic planning process	President	As soon as practicable (should be linked to the budget preparation cycle)
	Initiate and coordinate an NSC staff outline of priority goals and objectives based on the President's national security vision	National Security Advisor	As soon as possible after decision to establish strategic planning process
	Establish national security strategic goals and priorities that provide the basis for the National Security Strategy (NSS)	NSC Principals	Within 30 days after receiving NSC staff outline
	Evaluate goals and priorities identified by Principals and translate into specific guidance; draft the <i>National Security Planning Guidance</i> (NSPG) document	NSC/ DC and OMB Director (document drafted by NSC staff)	Within 60 days after receiving priorities from Principals, finalized by March
	Approve and distribute NSPG on a limited basis	President	No later than March
The President should prepare and present to the Congress an overall national security budget to serve the critical goals that emerge from the NSC strategic planning process. Separately, the President should continue to submit budgets of the individual national security departments and agencies for Congressional review and appropriation.	Task NSC Advisor and the Director of OMB to initiate development of a pilot national security budget	President	Following completion of NSPG
	Provide guidance for developing the pilot national security budget to select departments and agencies involved in key crosscutting national security activities	NSC Advisor and Director of OMB through NSC staff	Concurrent with above

Recommendation	Action	Responsibility	Implementation Timeline
	Direct and ensure the select departments' budget submissions are developed to reflect <i>National Security Planning Guidance</i> and include pilot annex to regular budget submission with the key crosscutting national security activity line items duplicated from department budget	Department Principals and Deputies	June – September
	Review department budget submissions for compliance with <i>National Security Planning Guidance</i> and pass back to departments with further guidance and instruction, as necessary	OMB	September – November
	Combine department-identified cross-functional line items into an integrated pilot national security budget annex for the President's approval	OMB	September – December
	Consult with Congress conveying the value of separate cross-functional budget and receive feedback from Congress	OMB and White House Congressional Liaison staff	December– January
	Submit pilot national security budget to Congress as appendix to President's budget request	White House	No later than the first Monday of February

Recommendation	Action	Responsibility	Implementation Timeline
<b>NSC Staff and Advisor</b>			
The NSC should be responsible for advising the President and for coordinating the multiplicity of national security activities, broadly defined to include economic and domestic law enforcement activities as well as traditional national security agenda. The NSC advisor and staff should resist the temptation to assume a central policymaking and operational role.	Establish a mandate for NSC staff through Presidential directive	President	As soon as possible (include in presidential directive)
	Consolidate NSC support functions such as legislative, press, communications, and speech writing functions with White House staff	President	As soon as possible (include in presidential directive)
The President should propose to Congress that the Secretary of Treasury be made a statutory member of the National Security Council.	Request that Congress amend Title 50, Section 402 U.S.C. to include the Secretary of the Treasury as a statutory member of the NSC	President	At the President's earliest convenience after taking office
	Establish a Policy Coordination Committee (PCC) for international economic and financial policies chaired by the Treasury Department	President	As soon as possible (include in Presidential directive)
	Task Treasury with chairing the PCC for International Finance	President	Concurrent with above

Recommendation	Action	Responsibility	Implementation Timeline
The President should abolish the NEC, distributing its domestic economic policy responsibilities to the Domestic Policy Council (DPC) and its international economic responsibilities to the National Security Council.	Disestablish the NEC	President	Immediately
	Appoint a Deputy National Security Advisor responsible for international economic affairs	President	Concurrent with above
	Realign responsibilities of DPC and NSC staffs for conducting domestic and international economic policy respectively	National Security Advisor	Within 30 days after above
	Appoint more international economic experts to the NSC staff	National Security Advisor	Concurrent with above
	Realign responsibilities of NSC, DPC, Council of Economic Advisors, and other economic advisors to the President	President	Concurrently with realigning responsibilities of DPC and NSC staffs

**APPENDIX C:  
DRAFT LEGISLATIVE LANGUAGE**

**PROPOSED FINAL BILL  
A BILL**

To amend title 50, United States Code, relating to the composition of the National Security Council.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the \_\_\_\_\_ Act of 2001/2002.

SECTION 2. AMENDMENT TO TITLE 50.

Section 402(a) of title 50, United States Code, is amended by adding at the end the following:

'(8) the Secretary of the Treasury'

**APPENDIX D:  
DRAFT EXECUTIVE ORDER**

**DRAFT EXECUTIVE ORDER**

Executive Order \_\_\_\_\_

Revocation of Executive Order 12835

By the authority vested in me as President of the United States by the Constitution and laws of the United States of America, including section 105, 107, and 301 of title 3, United States Code, it is hereby ordered as follows:

Executive Order 12835 of January 27, 1993, "Establishment of the National Economic Council," is hereby revoked, effective at noon \_\_\_\_\_, 2001.

(Presidential Signature)

THE WHITE HOUSE,  
(Date)

**Road Map for National Security  
Addendum on Implementation**



**Department of State Implementation Plan**

*Prepared for the U.S. Commission on National Security/21<sup>st</sup> Century*

## Executive Summary

This implementation plan recommends a course of action for executing the recommendations of the U.S. Commission on National Security/21<sup>st</sup> Century for improving the functioning of U.S. foreign policy. The Commission made three major recommendations: the reorganization of the Department of State to facilitate the integration of regional and functional policy issues; the abolition of the U.S. Agency for International Development (U.S. AID) and the consolidation of its foreign assistance functions within the reorganized Department of State; and the enhancement of strategic planning within the Department of State, by creating a specialized office.

The Commission also recommended reorganizing the jurisdiction lines of the Senate and House subcommittees that appropriate funds for the Department of State and all U.S. international activities to facilitate the evaluation of international affairs programs and the people and infrastructure that carry them out. In addition, the Commission addressed the need for improving the management of diplomacy by enhancing the selection process for Ambassadors so that management and leadership skills are included in the criteria and by proceeding with the right-sizing of embassies. A summary of these recommendations is in Table 1 below.

<b>USCNS/21<sup>ST</sup> CENTURY RECOMMENDATIONS<sup>1</sup></b>
19. The President should propose to the Congress a plan to reorganize the State Department, creating five Under Secretaries, with responsibility for overseeing the regions of Africa, Asia, Europe, Inter-America, and Near East/South Asia, and redefining the responsibilities of the Under Secretary for Global Affairs. These new Under Secretaries would operate in conjunction with the existing Under Secretary for Management.
20. The President should propose to the Congress that the U.S. Agency for International Development be consolidated into the State Department.
21. The Secretary of State should give greater emphasis to strategic planning in the State Department and link it directly to the allocation of resources through the establishment of a Strategic Planning, Assistance, and Budget Office.
22. The President should ask Congress to appropriate funds to the State Department in a single integrated Foreign Operations budget, which would include all the foreign assistance programs and activities as well as all the expenses for personnel and operations.
23. The President should ensure that Ambassadors have the requisite area knowledge as well as leadership and management skills to function effectively. He should therefore appoint an independent, bipartisan advisory panel to the Secretary of State to vet ambassadorial appointees, career and non-career alike.

**Table 1. Summary of Recommendations**

The Commission also offered important supporting recommendations for U.S. embassies. Specifically, the Commission called for "right-sizing" all American posts overseas to ensure that embassy activities are more responsive to emerging challenges and recommended that Embassies be reorganized into sections reflecting the new State Department reorganization. In addition, the Commission called for improving the coordination and integration of interagency views in the

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<sup>1</sup> Recommendations addressed in this implementation plan are extracted from *Road Map for National Security: Imperative for Change*, the U.S. Commission on National Security/21<sup>st</sup> Century (USCNS/21)'s Phase III report, posted on January 31, 2001, at [www.nssg.gov](http://www.nssg.gov), and published on March 15, 2001. All references are based on the published version. (Hereafter cited as *Road Map*.)

foreign policy realm. Specifically, the Commission recommended that the President establish National Security Council (NSC) Policy Coordination Committees for each major region, chaired by the respective regional Under Secretary of State, to develop regional strategies and coordinated government-wide plans for their implementation. The Commission also recommended ensuring that the regional Commanders-in-Chief (CINCs) incorporate nonmilitary considerations into their planning, and that they rely on their political advisers to ensure close links with the Ambassadors in the region. Finally, the Commission recommended that the President ask the Secretary of State to instruct the regional Under Secretaries to meet at least semi-annually with the ambassadors located in their region (with one such meeting each year being held in the same general location as the regional CINCs.)

Two of the Commission's major recommendations in this section, reorganizing the Department of State to integrate functional and regional policy issues and the abolishment of U.S. AID, will require the enactment of legislation. This implementation plan identifies the elements of such legislation, recognizing that consultations with Congress will determine the eventual content of the legislation. The Commission, however, intends to offer general guidelines for a reorganization of U.S. foreign policy structures while retaining the flexibility of the Secretary of State to organize the Department in the optimal way to carry out its statutory functions.

The key issue identified in this implementation plan, aside from the need to secure Congressional support for the recommendations, is the impact on personnel of the proposed consolidation of U.S. AID into the Department of State. There may be personnel efficiencies that result after the consolidation has taken place.

# IMPLEMENTATION PLAN: DEPARTMENT OF STATE

## I. READER'S GUIDE

This reader's guide provides a brief introduction to the contents and layout of this implementation plan.

### A. Background

The charter of the United States Commission on National Security/21<sup>st</sup> Century (USCNS/21) directed the Commission to include implementation concepts for its recommendations as part of its final report.<sup>2</sup> This document provides those concepts for the Commission's recommendations pertaining to the Department of State and the Agency for International Development (U.S. AID).

In its final report, *Road Map for National Security: Imperative for Change*, the Commission identifies a number of deficiencies in the organization and processes of the U.S. Government for the development and implementation of national security policy. Among these deficiencies, the Commission highlighted certain weaknesses in the organizational structure of the Department of State that prevent it from assuming a leadership role in making and implementing U.S. foreign policy. In particular, the Commission determined that the current organization of the Department does not lend itself to the integration of regional and functional policy goals—an increasingly important objective to meet some of the global and transnational challenges identified by the Commission in its first report, *New World Coming: American Security in the 21<sup>st</sup> Century*, or to execute national security policies proposed in the Commission's second report, *Seeking a National Strategy: A Concert for Preserving Security and Promoting Freedom*. As a result, the Commission recommends a reorganization of the Department of State that would eliminate co-equal bureaus with responsibility for functional and regional issues and instead facilitate the examination of functional issues in a regional construct. The Commission also perceived a requirement to better integrate U.S. foreign assistance with overall U.S. foreign policy goals. To this end, the Commission proposes abolishing the U.S. Agency for International Development as a separate agency and integrating its functions fully into the Department of State.

The Commission also determined that additional changes were needed outside the Department of State to help it regain its leadership in foreign policy. Thus, the Commission recommends the revision of procedures for appropriating funds for the conduct of U.S. foreign policy and for integrating foreign and national security policy across the interagency.

### B. Scope of Implementation Plan

This implementation plan identifies steps that can be taken to implement the Commission's recommendations pertaining to the Department of State. These actions are not designed to present definitive answers; rather they provide a framework for thinking about the best ways to put the Commission's findings into practice. The plan also highlights issues raised

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<sup>2</sup> USCNS/21 Charter, July 1998 is contained in Appendix 2 of *Road Map*.

by the recommendations, including challenges in implementing them, and provides options to facilitate implementation. Throughout the plan, tables are used to simplify presentation and format remains the same for each recommendation to facilitate comparisons.

The Commission has made five major recommendations to improve the functioning and effectiveness of the Department of State and U.S. foreign policy in general. The recommendations focus on reorganizing the Department of State to integrate the analysis of functional and regional issues, consolidating U.S. AID into the reorganized State Department, and emphasizing strategic planning within the Department. In addition, the Commission has recommended integrating appropriations for the State Department and for U.S. foreign assistance and foreign operations; improving the selection process and preparation of Ambassadors. Important supporting recommendations focused on "right-sizing" embassies and improving interagency coordination on regional issues.

Implementing these recommendations will require a mix of legislation, departmental action, and Presidential direction. The key challenge in implementing the recommendations will be in obtaining Congressional support and enabling legislation for the reorganization of the Department of State and the abolition of U.S. AID. The latter will also generate additional challenges as it raises the possibility of personnel redundancies, which may require the implementation of early retirement or buyout incentives.

### **C. Implementation Plan Layout**

Section II of this plan provides a blueprint for implementing the Commission's recommendations pertaining to the Department of State. This section suggests actions that could be taken to achieve the objectives laid out in the recommendations for reorganizing the Department of State, integrating U.S. AID into the reorganized Department; improving planning processes within the Department; transferring budget jurisdiction in the Congress; improving the selection process for Ambassadors; right-sizing embassies; and improving inter-agency coordination. This section also identifies responsibility for those actions and provides a notional timeline for each.

Section III describes issues, challenges, and opportunities raised by the recommendations and presents potential courses of action to address them.

Section IV describes means by which the recommendations can be implemented, including legislative and executive actions.

Section V describes implications for the personnel affected by these recommendations, including personnel transfers, reclassification, and training.

Section VI contains the appendices. Appendix A includes a matrix summarizing the information in this implementation plan. Appendix B contains draft legislative language to implement the recommendations addressed in this plan. Appendix C includes a process map depicting the State Department planning process as modified according to the Commission's recommendations. Appendix D contains a draft of National Security Presidential Directive-1.

## II. IMPLEMENTATION BLUEPRINTS

This section provides recommended courses of action for implementing the Commission's recommendations pertaining to the Department of State and U.S. foreign policy. Each recommendation is described briefly and a course of action, or blueprint, is recommended for actualizing it. This section also briefly describes the impact of the recommendation on processes within or among organizations and for the organization's personnel, if any. Finally, the section briefly describes challenges or issues that might result from the implementation of the recommendation. Issues arising from the Commission's recommendations on the Department of State are described in more detail in Section III of this chapter.

### A. Responsibilities of Under Secretaries

***Recommendation 19: The President should propose to the Congress a plan to reorganize the State Department, creating five Under Secretaries, with responsibility for overseeing the regions of Africa, Asia, Europe, Inter-America, and Near East/South Asia, and redefining the responsibilities of the Under Secretary for Global Affairs. These new Under Secretaries would operate in conjunction with the existing Under Secretary for Management.***

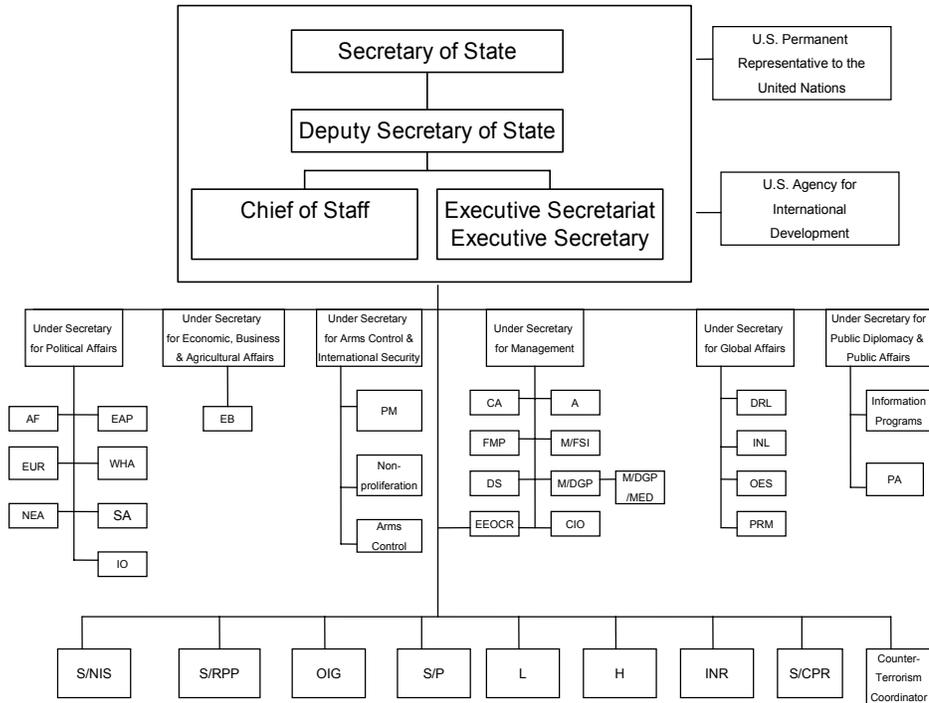
**1. Background.** The Commission believes the Department of State is hampered by its current organizational structure, which has resulted from recent efforts to address "functional" policy issues, such as human rights, democracy, law enforcement, refugees, political-military affairs, and nonproliferation from an over riding global—rather than regional—perspective. The Department's current organization, which subordinates regional and functional bureaus to Under Secretaries with functional responsibilities, discourages integration of functional and regional perspectives. As a result, the Department often generates competing policy views. In the Commissioners' view, the Department "rarely speaks with one voice, thus reducing its influence and credibility in interactions with the Congress and its representation abroad."<sup>3</sup> The current organization of the Department of State is pictured in Figure 1 below.

The Commission thus proposes reorganizing the Department predominantly along regional lines, with functional bureaus subsumed under five regional Under Secretaries addressing policy related to the following regions: Africa, Asia, Europe, Inter-America, and Near East/South Asia. Each Under Secretary would oversee bureaus responsible for political affairs (bilateral relations with countries in the region), security affairs (e.g., security assistance, arms control, nonproliferation, and terrorism as relevant in the region), and economic and transnational affairs (e.g., human rights, foreign assistance, economic issues) as relevant in the region.

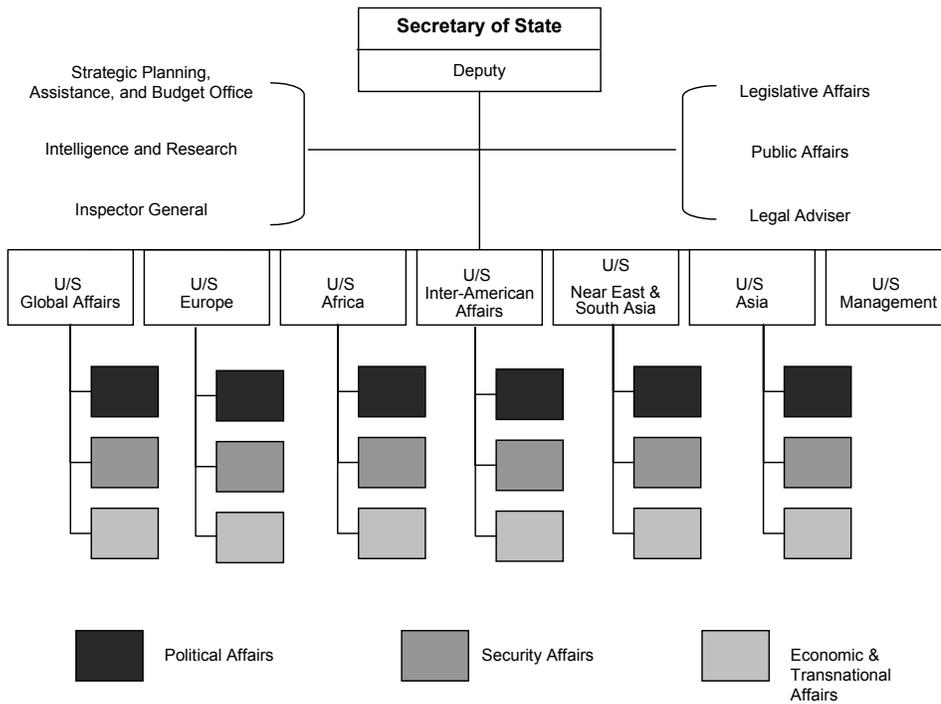
In addition, the Commission proposes redefining the role of the Under Secretary for Global Affairs, making this the third-ranking officer within the Department, with responsibilities for issues that transcend regions. This Under Secretary would be Acting Secretary in the absence of both the Secretary and Deputy Secretary. Figure 2 below illustrates the resulting organization of the Department of State.

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<sup>3</sup> *Road Map*, p. 53.



**Figure 1. State Department Organization Chart<sup>4</sup>**



**Figure 2. Reorganized Department of State**

<sup>4</sup> The source for this chart is U.S. Department of State, *Accountability Report for Fiscal Year 1997*, and *Reorganization Plan and Report Submitted by President Clinton to Congress on December 30, 1998*. It depicts the Department's organization prior to January 2001, when the Office of Equal Employment Opportunity and Civil Rights (EEOCR) reported both to the Under Secretary for Management and to the Secretary of State. It is shown on the chart with lines connecting it to both.

**2. Recommended Blueprint.** To implement this recommendation, the Department of State will require legislation amending those sections of the U.S. Code that establish certain roles and responsibilities within the Department. Establishing five regional Under Secretaries while retaining the Under Secretary for Global Affairs and the Under Secretary for Management increases the number of Under Secretaries at the State Department to seven. Because the U.S. Code limits the number of Under Secretaries to six, the reorganization detailed above would require amending the law to allow one additional Under Secretary position.<sup>5</sup>

The U.S. Code also specifies the titles and responsibilities of the Under Secretary for Arms Control and International Security and the Under Secretary for Public Diplomacy.<sup>6</sup> Under the reorganization envisioned by the Commission, the responsibilities now discharged by the Under Secretary for Arms Control and International Security would migrate to bureaus headed by Assistant Secretaries, while the functions of the Under Secretary for Public Diplomacy would migrate to an Assistant Secretary-level official reporting directly to the Secretary of State. These changes would also require amending the law.

The law also establishes an Assistant Secretary for Democracy, Labor, and Human Rights, an Assistant Secretary for South Asian Affairs, an Assistant Secretary for Verification and Compliance, and an Assistant Secretary for Oceans and International and Scientific Affairs.<sup>7</sup> Under the reorganization, the functions of these Assistant Secretaries could be subsumed by the office of the Under Secretary for Global Affairs or distributed among the Assistant Secretaries in charge of economic and transnational affairs under each regional Under Secretary. Legislation would also be required to disestablish this office.

Finally, the reorganization proposed by the Commission envisions a total of 18 Assistant Secretaries reporting to the five regional Under Secretaries and the Under Secretary for Global Affairs. The law currently limits the number of Assistant Secretaries within the State Department to 24.<sup>8</sup> The Department will therefore have to review the positions it plans to classify as Assistant Secretaries, aside from those reporting to the regional Under Secretaries and the Under Secretary for Global Affairs, to determine whether a change in legislation is required by the reorganization. (This review is discussed below.)

To implement the reorganization described above, the Department of State may choose to draft and submit to Congress a legislative proposal, or consult with Congress on the elements of the reorganization and work with the committees of jurisdiction as they draft this legislation. In either case, the legislative proposal will need to cover the following elements, at a minimum:

- Increasing the number of Under Secretaries of State;
- Repealing the provisions establishing an Under Secretary for Arms Control and International Security and an Under Secretary for Public Diplomacy;

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<sup>5</sup> U.S. Code, Title 22, Chapter 38, Section 2651(b), specifies "There shall be in the Department of State not more than 6 Under Secretaries of State...."

<sup>6</sup> U.S. Code, Title 22, Chapter 38, Section 2651(b)(2) provides for an Under Secretary for Arms Control and International Security and Section 2651(b)(3), for an Under Secretary for Public Diplomacy.

<sup>7</sup> U.S. Code, Title 22, Chapter 38, Section 2561(c)(2) establishes the Assistant Secretary of State for Democracy, Human Rights, and Labor; Section 2652(b) an Assistant Secretary for South Asian Affairs; Section 2652(c) an Assistant Secretary for Verification and Compliance; Section 2655(a) an Assistant Secretary for Oceans and International and Scientific Affairs.

<sup>8</sup> U.S. Code, Title 22, Chapter 38, Section 2651(c).

- Repealing the position of Assistant Secretary for Democracy, Human Rights, and Labor;
- Repealing the position of Assistant Secretary for South Asian Affairs;
- Repealing the position of Assistant Secretary for Verification and Compliance; and
- Repealing the position of Assistant Secretary for Oceans and International and Scientific Affairs.

More detailed information regarding the elements of such a legislative proposal are in Section IV.A., of this paper and in Appendix B.

The actions detailed in the following matrix (Table 2) suggest means to prepare for submitting a legislative proposal to Congress.

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
1. Task State Department staff to draft a plan for the reorganization	Secretary of State	Within 15 days
2. Review statutory requirements for Under Secretary positions	State Department	Within 30 days
3. Review requirements for Assistant Secretary positions	State Department	Concurrent with above
4. Draft plan for reassigning responsibilities of Under Secretaries and Assistant Secretaries	State Department	Within 90 days
5. Integrate State Department reorganization plan and U.S. AID's consolidation plan and submit to President <sup>9</sup>	State Department and U.S. AID	Within 150 days
6. Formulate strategy for presenting plan to Congress	White House, State Department, U.S. AID	Within 180 days
7. Hold consultations with Congress and modify plan as appropriate	White House, State Department, U.S. AID	Within 210 days
8. Present legislative proposal to Congress as modified per Congressional consultations or consult with Committees of jurisdiction and request legislative changes	White House	Within 240 days

**Table 2. Implementation Matrix for State Department Reorganization**

Within 15 days from the acceptance of this recommendation, the Secretary of State would initiate action by appointing State Department staff to draft a plan for the reorganization of the Department. As a first step, the staff would review the statutory requirements for Under Secretary and Assistant Secretary positions affected by the reorganization. This action should occur within 30 days of the acceptance of these recommendations.

<sup>9</sup> The Commission also recommends integrating U.S. AID into the Department of State (Recommendation 20) and believes these recommendations should be implemented concurrently. Steps for integrating U.S. AID into the Department of State are detailed in Section II.B, below.

Second, the Department would draft a plan for reassigning roles and responsibilities of the current Under Secretaries and Assistant Secretaries to the six Under Secretaries and 18 Assistant Secretaries envisioned by this recommendation. In preparing this plan, the Department would evaluate any impact the recommendation may have for other positions discharging administrative or other functions. For example, this recommendation envisions retaining an office of planning and resource allocation and the offices of public affairs, and intelligence and research, legislative affairs, inspector general, and legal adviser in a direct reporting role to the Secretary. The Secretary would have to determine whether the officials holding these positions should be classified as Assistant Secretaries of State. In addition, four positions currently reporting to the Under Secretary for Management carry Assistant Secretary rank. The Department should therefore determine whether legislation is required to increase the number of Assistant Secretaries to accommodate administrative or support positions common to the Department as a whole.<sup>10</sup>

In preparing this plan the Department would also review any personnel changes required by the reorganization for both Foreign Service and Civil Service staff. For example, the Department should determine whether the reorganization affects staffing levels in the bureaus and, if so, how these requirements should be met. The Department should also identify any training shortfalls created by the reorientation of the bureaus towards functional analysis. This evaluation should be complete within 90 days of acceptance of this recommendation.

The reorganization plan would then be integrated with the plan for consolidating U.S. AID into the Department of State, as described in the Section II.B., and submitted to the President. This action would occur within 150 days of acceptance of this recommendation.

In the next 30 days, the White House, State Department, and U.S. AID would formulate a strategy for presenting the proposal for the State Department reorganization and U.S. AID integration to key Congressional stakeholders. Over the next 30 days after that, the White House, supported by the State Department and U.S. AID would hold consultations on Capitol Hill and modify the plan as appropriate. Finally, the White House would submit the reorganization plan to Congress as a legislative proposal within 240 days of accepting the recommendation. In essence, the purpose of the actions described above is to help the Department anticipate and prepare for Congressional questions, and ensure that the reorganization accommodates both the policy and administrative functions of the Department.

**3. Process Implications.** The reorganization has implications for the State Department's process for assembling the International Affairs Budget. Currently, the budget is assembled based on the requirements highlighted in the Bureau Performance Plans, which in turn are based on performance plans submitted by the U.S. missions operating in each Bureau's regional or functional area of concern. Recasting bureaus as functional, rather than regional, entities, and placing bureaus under the authority of regional Under Secretary will require modification of this process. At the very least, the Bureaus should be required to submit performance plans, which should then be integrated by the staff of the Under Secretary in Integrated Performance Plans.

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<sup>10</sup> The Commission envisions that Assistant Secretaries would head the bureaus of Legislative Affairs, Public Affairs, and Intelligence and Research. Together with the 18 Assistant Secretaries reporting to the five regional Under Secretaries and the Under Secretary for Global Affairs, and the four Assistant Secretaries currently reporting to the Under Secretary for Management, the total number of Assistant Secretaries in the Department would be 25. The draft legislative proposal in Appendix B reflects this higher number.

Although changes could be made on the margin to the Department of State's planning process to accommodate this reorganization, the Commission recommends a more fundamental overhaul of the planning process within the Department of State. This recommendation and resulting procedural changes are described in Section C below.

**4. Personnel Implications.** Reorganizing the Department of State under regional Under Secretaries will not have significant repercussions for personnel levels and policy within the Department. Personnel changes may occur at the margin as bureaus are reorganized under the regional Under Secretaries and their responsibilities are changed to address functional issues. The Department may also have to reevaluate the grade of certain positions and develop descriptions for new positions, such as that of Deputy Under Secretary, which currently do not exist.

The reorganization of the Department, however, may have training implications for the Department's Civil and Foreign Service employees. The Department would have to reevaluate the training needs of personnel staffing the functional bureaus to determine whether training currently provided is adequate to accommodate the increased emphasis in such areas as economic analysis, arms control, and project management. Such training adjustments may be made in the context of overhauling and improving the Foreign Service and Civil Service professional education systems proposed by the Commission in Recommendations 41 and 42.<sup>11</sup>

**5. Issues.** This recommendation involves a major change in structure and process within the Department of State. A major challenge in implementing this recommendation will be the perception on the part of Department staff that the reorganization will have added an additional reporting layer. This recommendation may also be met with resistance from the Department's Bureaus, which may perceive a loss of direct access to the Secretary and a loss of flexibility in this redesign. These issues are explored in more detail in Section III of this paper.

## **B. Consolidation of U.S. AID into the State Department**

**Recommendation 20:** *The President should propose to the Congress that the U.S. Agency for International Development be consolidated into the State Department.*

**1. Background.** The Commission believes the current organization of the U.S. government for foreign assistance hinders the integration of foreign aid resources and national security objectives. Today, the U.S. Agency for International Development and the State Department share responsibility for foreign assistance activities but lack a mechanism to integrate these programs into preventive strategies. In addition, the dispersal of foreign assistance roles and responsibilities means that in times of crisis neither the Secretary of State nor the U.S. AID administrator would have the authority to commit U.S. foreign aid resources quickly to stem or influence crises as they develop. Finally, the current organization hinders the coordination of aid activities with other responses, including military responses, by other agencies, such as the Department of Defense (DoD). To facilitate the integration of foreign assistance and foreign policy objectives, the Commission recommends folding U.S. AID into the

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<sup>11</sup> For greater detail on these recommendations, see implementation plans for Foreign Service and Civil Service.

reorganized Department of State, thereby making the Secretary of State the official of primary responsibility for foreign aid.

**2. Implementation Blueprint.** The Commission believes the integration of U.S. AID is an integral part of the reorganization of the Department of State and should occur concurrently with the reorganization of the Department along regional lines, as described in the previous section. Accordingly, the matrix in Table 3 below highlights the actions to be taken to plan for the consolidation of U.S. AID into the reorganized Department of State.

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
1. President to task State Department and U.S. AID to draft plan for incorporating U.S. AID functions into Department of State	White House	Within 15 days and concurrently with adoption of recommendation for reorganizing the State Department
2. State Department and U.S. AID to form working group to study statutory implications of recommendation	Secretary of State	Within 30 days
3. Working group to draft plan consolidating U.S. AID functions into the Department of State	State Department and U.S. AID working group	Within 120 days and concurrent with plan for reassigning the responsibilities of Under Secretaries and Assistant Secretaries of State
4. Integrate U.S. AID consolidation plan into State Department reorganization plan and submit to President	State Department and U.S. AID working group	Within 150 days
5. Formulate Congressional strategy for presenting plan and legislative proposal to Congress	White House, State Department, and U.S. AID	Within 180 days
6. Hold consultations with Congress and modify plan as appropriate	White House, State Department, and U.S. AID	Within 210 days
7. Present legislative proposal for State Department reorganization and U.S. AID integration to Congress	White House	Within 240 days

**Table 3. Implementation Matrix for U.S. AID Consolidation**

In preparation for requesting Congressional action for integrating U.S. AID into the Department of State, the President should task the Department of State and U.S. AID to draft a plan for consolidating U.S. AID's functions into the Department. This request should come within 15 days of adopting this recommendation and should occur concurrently with the adoption of the recommendation to reorganize the State Department policy functions under five regional Under Secretaries and one Under Secretary for Global Affairs.

Within 30 days, the State Department and U.S. AID should form a joint working group for drafting the consolidation plan. The first task of this working group would be to review the

statutory requirements for folding U.S. AID's functions into the Department of State. The working group would then begin drafting a plan detailing how the roles and responsibilities of U.S. AID bureaus should be folded into bureaus of the reorganized Department of State.

The plan should address the implications of consolidation for U.S. AID's personnel. For example, the plan should detail whether U.S. AID personnel will be absorbed fully into the State Department regional bureaus to administer foreign assistance programs or whether personnel redundancies would result. In the latter case, the plan should include contingency provisions. Finally, the plan should consider the disposition of U.S. AID's assets and estimate the total costs of the consolidation, including the costs of absorbing functions and personnel and disposing of excess infrastructure. The plan should be complete within 120 days.

The U.S. AID consolidation plan would then be integrated with the State Department reorganization plan and presented to the White House within 150 days. Working with the State Department and U.S. AID staff, White House staff would formulate a strategy for vetting the integrated plan with key stakeholders in Congress within 180 days. The White House, State Department, and U.S. AID team would hold consultations with Members and staff from committees of jurisdiction within 210 days.

After such consultations, the plan could be modified and the President could present a legislative proposal to Congress for the consolidation of foreign assistance functions within 240 days of the recommendation's adoption.

**3. Process Implications.** The consolidation of AID into the Department of State may have implications for the review and administration of assistance programs.

**4. Personnel Implications.** The personnel implications of this recommendation may be substantial. U.S. AID is staffed by approximately 2000 direct hire personnel and 4,000 employees hired locally in countries where assistance programs are implemented.<sup>12</sup> Of the 2,000 direct hire employees, approximately 75 percent are Civil Service employees and 25 percent are members of the U.S. AID Foreign Service.<sup>13</sup> The consolidation of U.S. AID will require the Department of State to absorb most of these personnel. The Department of State has a total Civil Service workforce of about 27,000 employees, 60 percent of which work overseas.<sup>14</sup> Of this total, approximately 6,000 are from the Civil Service and 9,000 are from Foreign Service. The remainder are foreign nationals working for U.S. missions abroad.<sup>15</sup>

The consolidation will likely highlight opportunities for personnel efficiencies. U.S. AID and the State Department will need to understand what kinds of contracts or agreements are in

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<sup>12</sup> USAID, *Budget Justification FY 2001*, and *The Fiscal Year 1998 USAID Accountability Report*.

<sup>13</sup> Interview with USAID official, November 18, 1999.

<sup>14</sup> Office of Finance and Management Planning, *"Budget in Brief,"* U.S. Department of State, Washington, DC, February 1, 1999, <http://www.state.gov/www/budget/2000/00summary.html>. This figure includes employees of the former U.S. Information Agency (USIA) and the Arms Control and Disarmament Agency (ACDA), which were incorporated into the State Department in 1999 pursuant to Section 1601 of the Foreign Affairs Reform and Restructuring Act of 1998 (PL 105-277).

<sup>15</sup> These figures are derived from the U.S. Department of State website, *"Overview of the Department of State,"* at [http://www.state.gov/www/dept/fmp/97org\\_struct.pdf](http://www.state.gov/www/dept/fmp/97org_struct.pdf). According to this website, State Department Foreign Service employees in 1997 constituted approximately 35 percent of the total; the Civil Service, 22 percent of the total; and foreign service nationals employed in administrative positions at missions overseas, approximately 43 percent of the total.

place for the employment of foreign nationals and understand the implications the consolidation could have. This will require a thorough understanding of any restrictions that might exist in dealing with foreign national employees. For the consolidation to succeed, it will require close coordination with the appropriate labor union(s).

The State Department and U.S. AID have several options to consider in dealing with personnel in redundant positions. One of the first things they should consider is if these individuals can effectively be absorbed by the recommended ten to fifteen percent staff increase to provide a training float. The Commission recommended such a float for both the Foreign Service and the Civil Service.<sup>16</sup> If after this consideration there are still "excess" personnel, then U.S. AID and the State Department should consider whether they can achieve an acceptable staff profile in a reasonable amount of time through normal attrition or if more drastic measures will be required. If early retirement or buyout incentives are employed, budgetary implications will have to be considered. If this does become a reality, the consolidation should be planned carefully to minimize the loss of employees with critical skills.

As consolidation plans evolve and the new organization takes shape, new positions may be required and old positions may change enough to require new position descriptions and reclassification. New positions or changing job requirements may require additional training for employees to perform more effectively. Once the consolidated organization is designed and job requirements are identified, the Department should conduct a skills/training gap analysis. The results of this analysis can be used to tailor the training curriculum to meet the needs of the Department. The Foreign Service implementation plan calls for a review and expansion of the professional development opportunities offered to Foreign Service employees. The data from this skills/training gap analysis could help determine what types of opportunities should be provided.

**5. Issues.** The key challenge in implementing this recommendation will be to manage the personnel redundancies that may result from the consolidation of U.S. AID functions in to the Department of State, as described above. Another key consideration in preparing for the consolidation is that of melding the core values and cultures of the two organizations. If consolidation occurs, the organization will want to have a consistent "look and feel." A senior team, with representatives from both organizations, should meet to define the core values for the consolidated organization. This should be done well in advance of the actual consolidation and the outcome communicated to employees. There should be a concerted effort to educate the senior leaders in both organizations, if the core values are going to have meaning, and if the consolidated organization is going to have a common culture, the behaviors will have to be modeled from the very top levels of leadership on down. If employees do not see their leaders embracing this change, then the chances are they will not either.

### **C. Emphasis on Strategic Planning**

**Recommendation 21:** *The Secretary of State should give greater emphasis to strategic planning in the State Department and link it directly to the allocation of resources through the establishment of a Strategic Planning, Assistance and Budget Office.*

**1. Background.** Currently the Department of State's policy, resource planning, and budget functions are divided among three offices: Policy Planning (S/P), which conducts short- and medium-term planning; the office of Resources, Plans, and Policy (S/RPP), which oversees the preparation of the Department's strategic plan and coordinates Department-wide program planning and budget preparation; and the office of Finance and Management Policy (FMP), which, among other functions, shares with S/RPP responsibility for preparation of the International Affairs Budget. The Commission believes this division of functions reduces the effectiveness of the Department in decision making, as it separates strategy and planning from resources considerations.

The reorganization will facilitate further improvement of the planning and budget process within the Department.<sup>17</sup> The Department has developed a process based on the submission by missions and bureaus of annual performance plans. The plans are presented to the Secretary of State, refined accordingly, and used by S/RPP to develop the programmatic elements of the International Affairs Budget, and by FMP to develop elements of the budget request that cover State Department operations. Integrating S/RPP and those FMP functions relating to planning and the international affairs budget will further rationalize the budget and planning process by pulling together the consideration of programmatic and operational expenses and investments.

Consolidating strategy, planning, and budget functions in one office reporting to the Secretary will also facilitate the adjudication of finite resources among competing priorities. Currently, when programs compete for resources, it is up to the Under Secretaries of State, who form the Department's Corporate Board, to resolve differences among bureaus—a process more conducive to compromise than difficult decision making. By integrating the functions of strategic planning, program planning, and budgeting into the Strategic Planning, Assistance and Budget Office (SPAB), reporting directly to the Secretary, the Department will facilitate the consideration of resource allocation in the context of the Department's policy goals and priorities. Thus, under the Commission's proposed reorganization, the Strategic Planning, Assistance and Budget Office would define the department's overall foreign policy goals and priorities; plan and prioritize the department's assistance programs; oversee the budget planning process; and adjudicate any differences among the Under Secretaries.

In a separate recommendation, the Commission has recommended instituting an interagency strategic planning process guided by the President and coordinated by the National Security Advisor.<sup>18</sup> This process would result in a National Security Planning Guidance (NSPG) that would guide Executive Branch Departments and Agencies involved in national security policy in their internal planning and budgeting. In addition to describing steps to establish the new Strategic Planning, Assistance and Budget Office, therefore, this blueprint recommends steps for linking the State Department's strategic planning process to the new National Security Planning Guidance.

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<sup>16</sup> For more information on the concept of the training float, see the implementation plan for Commission's recommendation for the Foreign Service.

<sup>17</sup> The State Department's resource planning process is described in detail in the Addendum to the Commission's Report. See Volume V "Organizational Description: Office of the Secretary of State."

<sup>18</sup> See the National Security Council implementation plan for more information on the process for developing the *National Security Planning Guidance*.

**2. Implementation Blueprint.** The following matrix describes notional steps to establish the office of Strategic Planning, Assistance and Budget.

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
1. Draft departmental memorandum establishing the authorities and responsibilities of the Strategic Planning, Assistance and Budget Office	Office of the Secretary of State	Within 60 days
2. Draft plan to disestablish the offices of Policy Planning (S/P) and Resources, Plans, and Policy (S/RPP), and integrate the budget planning functions of Office of Finance and Management Policy (FMP) into the new office as appropriate	Office of the Secretary of State, Under Secretary for Management (M)	In conjunction with above
3. Review planning process to improve links to resource management	New Office of Strategic Planning, Assistance, and Budget, M, FMP	Within 120 days
4. Promulgate new strategic and resource planning process	Secretary of State	Within 130 days
5. Integrate new Strategic Planning, Assistance and Budget Office into State Department reorganization plan	State Department, U.S. AID working group	Within 150 days

**Table 4. Implementation Matrix for Strategic Planning, Assistance and Budget Office**

Neither S/RPP, FMP, nor S/P are established by law, thus the Department will be able to consolidate their functions through departmental action.<sup>19</sup> As a first step, the Office of the Secretary should define the specific roles and responsibilities of the Strategic Planning, Assistance, and Budget Office. Concurrently, the Secretary's staff, in conjunction with staff from S/RPP, FMP, and S/P would draft a plan for disestablishing S/RPP and S/P, and folding personnel and duties from these offices and FMP into the new office as required. This action should be taken within 60 days of the adoption of this recommendation. Because the Strategic Planning, Assistance, and Budget Office will have to make difficult resource allocation decisions, it will be desirable to ensure it is perceived across the Department as having a direct reporting relationship to the Secretary of State. The Department may want to consider announcing the establishment of the office through suitable means, such as a departmental memorandum from the Secretary.

The new office should conduct a review of the State Department's strategy, policy, and program planning process to strengthen its links to resources management. This action should be taken within 120 days of the establishment of the new planning office. Among the issues to

<sup>19</sup> The Department documents the duties of each office in the *Foreign Affairs Manual (FAM)*. The appropriate sections of the *FAM* addressing the organization and responsibilities of S/P, FMP, and S/RPP would have to be changed.

consider for improving the links between strategic and resources planning is the prioritization of foreign policy goals.

The Department has undertaken commendable efforts to develop a process for relating policy goals to programmatic objectives and budgetary requirements. This process relies on the preparation by missions and bureaus of annual Performance Plans, which directly relate the objectives and programs in the year ahead to the policy goals stated in the International Affairs Strategic Plan.<sup>20</sup> Without the ability to prioritize objectives across bureaus and missions, however, the Department lacks a basis for directing the allocation of resources among and within bureaus, or for guiding mid-course budgetary adjustments. One of the functions of the Strategic Planning, Assistance, and Budget Office will be to support the Secretary in developing this list of priorities. The priorities would be based on guidance provided by the President and would inform the development of the International Affairs Strategic Plan (IASP), as well as of the Mission Performance Plans (MPPs) and Bureau Performance Plans (BPPs).<sup>21</sup> A notional description of how this process could work for the State Department is in Section 3 (Process Implications) below.

To the extent possible, the Strategic Planning, Assistance and Budget Office should also consider options for coordinating its planning efforts with planning by other agencies, especially the Department of Defense (DoD). For example, opportunities exist for contributing to DoD's Operational Plans (OPLANs) and Theater Engagement Plans (TEPs).

Finally, the Strategic Planning, Assistance, and Budget Office should modify the current process for developing the international affairs budget based on the reorganization of the bureaus under regional Under Secretaries (Recommendation 19 described above.) This process review should occur within 120 days.

Once the new process has been designed, the Secretary of State should promulgate the new procedures to the Department within 130 days. Meanwhile, the State Department and U.S. AID working group developing the State Department reorganization plan would integrate the new Strategic Planning, Assistance, and Budget Office into their design within 150 days.

**3. Process Implications.** The reorganization of the State Department and the development of top-down guidance from the President affect the State Department's planning and budget process. First, the subordination of functional bureaus under regional Under Secretaries and the Under Secretary for Global Affairs would require Bureau Performance Plans to be integrated into broader documents produced by the staff of the Under Secretaries. The current process is based on the production of Bureau Performance Plans, which justify planned programs in terms of the foreign policy goals they fulfill and establish resource requirements for programs. In a reorganized State Department, the regional Under Secretaries and the Under Secretary for Global Affairs would be in the best position to produce performance plans that

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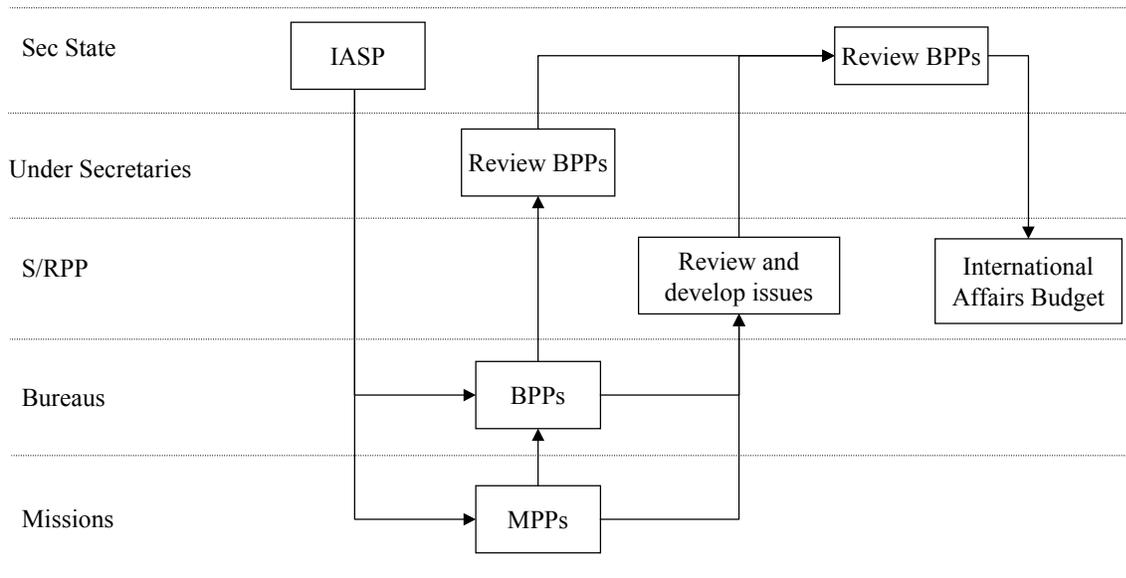
<sup>20</sup> For a more detailed description of the program planning process within the Department of State see the chapters on the European Bureau and the Office of the Secretary of State, in Volume V of the Commission's *Addendum on Structure and Process Analyses* to the Phase III report.

<sup>21</sup> As envisioned by the Commission (see Recommendation 14 in *Road Map*), the President's guidance would be developed, in a top-down process, within the National Security Council (NSC) and disseminated to Departments and Agencies by the NSC principals. For more information on the format and content of the President's guidance and on the process for developing it, see the *National Security Council Implementation Plan*.

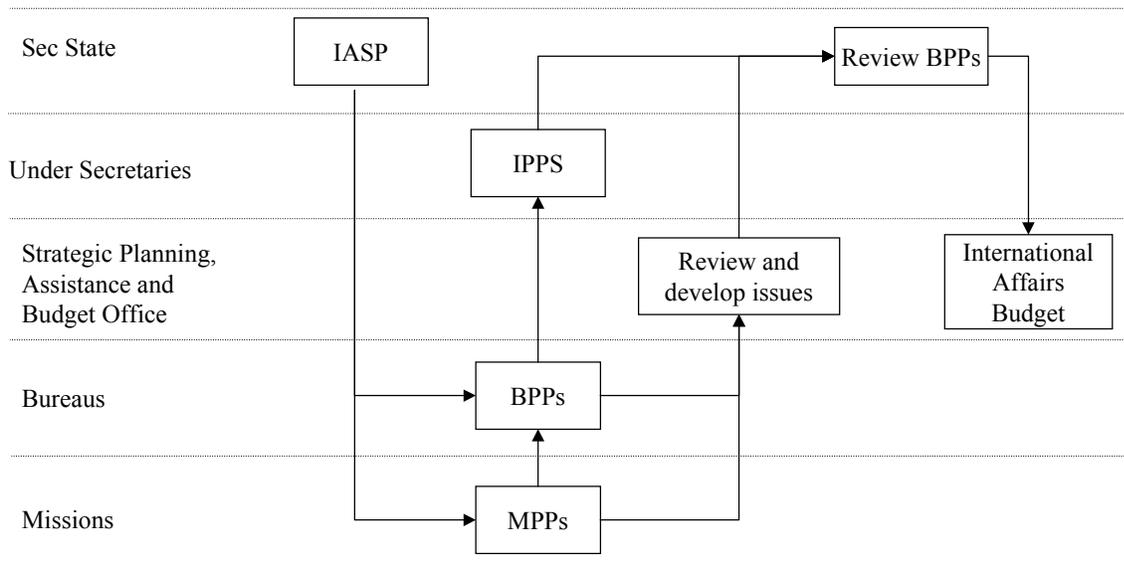
integrate planned programs across a region, or in the case of the Under Secretary for Global Affairs, integrate related functional programs. Figures 3 and 4 below show the difference.

Second, the development of top-down guidance from the President presents an opportunity for injecting more specificity into the State Department's planning and budget process. The President's national security planning guidance would form the basis for a document, produced by the Secretary, that imparts specific policy direction to the Under Secretaries, bureaus, and missions in preparing their performance plans, based on the President's priorities. This document should compliment the IASP, but would be more detailed, classified if necessary, and provide the prioritization the process now lacks.

Responsibility for developing the Department's detailed guidance based on the President's priorities would reside with the new office of Strategic Planning, Assistance, and Budget, which would obtain direction and supervision directly from the Secretary. This International Affairs Planning Guidance would be reviewed and approved by the Secretary of State. The bureaus and missions would then use the detailed guidance, together with the IASP, to draft the BPPs and MPPs. The staff of the Under Secretaries would then integrate the BPPs into Integrated Performance Plans (IPPs).

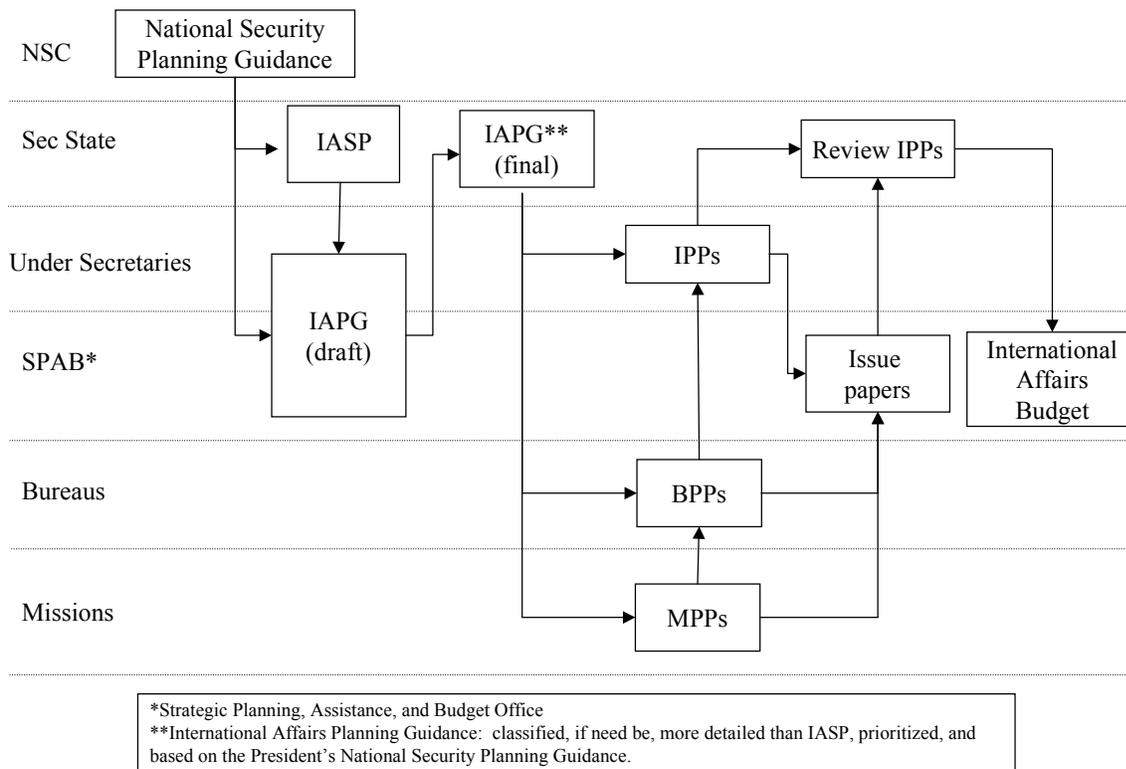


**Figure 3. Planning Process before Reorganization**



**Figure 4. Planning Process after Reorganization**

The Strategic Planning, Assistance, and Budget Office would review the IPPs and develop a list of questions and issues to be considered by the Secretary during his review. The Under Secretaries would then present their IPPs to the Secretary of State and modify them as appropriate. Finally, the Strategic Planning, Assistance, and Budget Office would utilize the modified IPPs to produce the International Affairs Budget request with the assistance of the Office of Management and Budget. This notional process is illustrated in Figure 5. (Also see Appendix C for a more detailed process map.)



**Figure 5. DoS Planning Process Tied to the NSC**

One downside of this enhanced process is that it creates an additional layer of review and additional work in the form of the IPP. However, in its redesign of the planning process, the Strategic Planning, Assistance, and Budget Office could address this problem by streamlining the format for BPPs, MPPs, and IPPs. In theory, the process itself would become less cumbersome with each year, as missions, bureaus, and Under Secretaries modify the existing three plans.

**4. Personnel Implications.** The personnel implications of this recommendation are minimal. Most of the staff for the new office of Strategic Planning, Assistance, and Budget may be drawn from the existing S/RPP, FMP, and S/P offices. Few redundancies are likely to result, as many of the S/P staff are detailed Schedule C personnel or detailed from elsewhere in the Department.<sup>22</sup> Training requirements for personnel may also be minimal, since they are performing complementary functions in their current offices.

**5. Issues.** Before integrating the current planning and budgeting processes, a thorough understanding of the processes must exist. Additionally, efficiencies, handoffs, and improvements must be identified before structuring the new process.

As for Recommendation 19, the major challenge in implementing this recommendation will be the perception on the part of Department staff that the functions of the Strategic Planning, Assistance, and Budget Office detract from the responsibilities and authorities of existing offices. If the planning process is modified along the lines suggested above, the perception may also arise

<sup>22</sup> See Chapter 6, entitled "Director of Policy Planning," in Volume V of the *Addendum on Structure and Process Analyses* to the Commission's *Road Map* report.

that an additional layer of work has been added to an already overburdened staff. These issues are explored in more detail in Section III of this paper.

#### **D. Integration of Foreign Operations and State Department Budget Requests**

**Recommendation 22:** *The President should ask Congress to appropriate funds to the State Department in a single integrated Foreign Operations budget, which would include all the foreign assistance programs and activities as well as all the expenses for personnel and operations.*

**1. Background.** The bulk of appropriations for State Department and U.S. international affairs activities are made by four subcommittees of the House and Senate Appropriations Committees in Congress: the Senate Commerce, Justice, State and the Judiciary Subcommittee, the House Commerce, Justice, State and the Judiciary Subcommittee, the Senate Foreign Operations Subcommittee and the House Foreign Operations Subcommittee.<sup>23</sup> These four committees share responsibility for appropriating the majority of funds supporting U.S. diplomatic and international activities. More specifically, the Subcommittees on Commerce, Justice, State and the Judiciary appropriate funds for the Department of State's operations, covering items such as human resources, infrastructure, and diplomatic security, and U.S. contributions to international organizations. The Subcommittees on Foreign Operations fund U.S. foreign programs by appropriating funds for items such as development and security assistance, migration and refugee assistance, peacekeeping operations, foreign military financing, and international military education and training. The Subcommittees on Foreign Operations also have jurisdiction over U.S. AID.

The organization of the Congressional committees of jurisdiction determines the presentation of the International Affairs Budget (Function 150 of the President's Budget), which is organized into two major sections, one showing items for consideration by the Foreign Operations Subcommittees, and the other showing items for the Commerce, Justice, State, and Judiciary Subcommittees. In essence, the current division of labor among subcommittees creates an artificial division between international affairs programs meant to further U.S. goals and the people and infrastructure that support those programs. This separation hinders the ability of the Department to present a convincing case to Congress.

Just as the Commission believes there is value in better integrating various elements of U.S. foreign policy by reorganizing the State Department, there will be value in integrating the review of the State Department budget by evaluating programs and the support infrastructure for those programs together. Specifically, this reform would allow the Administration to present its request for specific programs in light of the President's overall strategic goals. It will also ensure that the various assistance programs are integrated, rather than simply a collection of Administrations' political commitments and Congressional earmarks. Finally, it will give the Administration an opportunity to replace the existing budget categories with different titles to

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<sup>23</sup> Some appropriations for U.S. international affairs activities, for example for the U.S. Foreign Agricultural Service, are made by the Senate and House Subcommittees on Agriculture, Rural Development and Related Agencies; others, such for the activities of the U.S. Institute of Peace, are made by the Senate and House Subcommittees on Labor, Health and Human Services, and Education.

better reflect the purpose of a program. To this end, the Commission recommends that Congress consider appropriating funds for the State Department into a single appropriation.

**2. Implementation Blueprint.** Should Congress decide to accept this recommendation, the matrix in Table 5 below suggests some notional steps to follow.

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
1. Senate leadership and House leadership appoint separate panels to make recommendations for transferring all jurisdiction for State Department appropriations to Foreign Operations appropriations subcommittees	Senate and House Leadership	Within 60 days
2. Panels report recommendations for reorganization to Senate and House leadership	Congressional panels	Within 90 days
3. Senate and House leadership consult on panels' recommendations and reconcile differences as appropriate	Senate and House leadership	Within 120 days
4. Senate and House pass resolutions reorganizing appropriations committees	Senate and House	At start of next Congress

**Table 5. Implementation Matrix for "Right-Sizing" Embassies**

Should the Senate and House decide to reorganize the appropriations subcommittees, each might choose to appoint Congressional panels to review the implications of transferring all responsibility and jurisdiction for international affairs appropriations to the Foreign Operations Appropriations Subcommittees of the Senate and House. This would not entail abolishing any subcommittees, as the Commerce, Justice, State and the Judiciary Subcommittees of both chambers would continue to discharge their responsibilities with respect to appropriations for the Commerce Department, the Justice Department, and the Judiciary. Similarly, the Labor, Health and Human Services, and Education Subcommittees and the Agriculture Subcommittees would only relinquish a limited amount of oversight, as the amounts of international affairs funding they oversee is small in comparison to the budgets of the other agencies for which they are responsible. The panels would also review implications of the reorganization for the staff requirements of the Foreign Operations Subcommittees once they acquire responsibility for additional appropriations.

The panels might report their conclusions and recommendations independently to the leadership of the Senate and House. The Senate and House leadership would then consult regarding each other's planned reorganization to ensure that they are consistent with each other. Finally, each chamber would submit and pass a resolution formalizing the new organization of the Appropriations Subcommittees at the beginning of the next Congress.

**3. Process Implications.** While opportunities for process improvement may exist, no significant process implications were identified.

**4. Personnel Implications.** The personnel implications of this recommendation are likely to be minimal. While the Commerce, Justice, State and the Judiciary Appropriations Subcommittees may lose some staff, the Foreign Operations Subcommittees are likely to acquire additional staff to reflect their increased responsibilities. The net effect of the reorganization on personnel may be null.

**5. Issues.** The jurisdiction of Committees reflects to some extent political considerations as well as tradition. Changing responsibilities of some Committees may affect the specific interests of Senators and Members and, as a result, this recommendation may prompt significant changes in membership not only on the appropriations subcommittees, but also through other committees. For this reason, it may be most appropriate to implement the recommendation in conjunction with a new Congress.

**E. Ambassadorial Appointments**

**Recommendation 23:** *The President should ensure that Ambassadors have the requisite area knowledge as well as leadership and management skills to function effectively. He should therefore appoint an independent, bipartisan advisory panel to the Secretary of State to vet ambassadorial appointees, career and non-career alike.*

**1. Background.** U.S. Ambassadors represent U.S. interests from embassies in 160 foreign countries, and from a number of missions to international organizations. Increasingly, Ambassadors preside over embassy and mission staffs representing a number of different U.S. government agencies.<sup>24</sup> As a result, a key challenge for Ambassadors is to manage the embassies' and missions' varying activities in an integrated fashion, planning and coordinating the programs of all agencies represented among their staffs, including assistance and law enforcement activities. The Commission therefore believes that Ambassadorial appointees should be selected among candidates with strong leadership and management skills. To this end, the Commission supports appointing an independent, bipartisan panel to advise the Secretary in evaluating career and non-career candidates for Ambassadorial positions.

**2. Implementation Blueprint.** The matrix in Table 6 below suggests some notional steps for establishing the Ambassadorial appointments review panel.

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
1. Establish operating parameters for panel	Secretary of State	Within 6 months
2. Request Congressional funding for panel	White House	FY 03 budget
3. Solicit names of panel members	White House, State Department, Congress	Within 18 months

**Table 6. Implementation Matrix for Ambassadorial Appointments**

<sup>24</sup> Currently, more than 30 federal agencies maintain a presence abroad.

The first step might be for the Secretary of State to establish the parameters for the independent review panel, including the number of members the panel should have; whether it should have support staff and a support infrastructure and where these would be located; the general procedures for reviewing Ambassadorial appointments; and the general procedures for reporting to the Secretary. If the Secretary determines that funding will be required to sustain the panel, his staff would have to ensure that the International Affairs budget request includes the necessary resources. The Secretary might then solicit names for prospective panel members from the State Department, the White House, and Congress.

**3. Process Implications.** While opportunities for process improvement may exist, no significant process implications were identified.

**4. Personnel Implications.** This recommendation does not have substantial personnel recommendations. A small staff might be required to support the panel, for example in organizing the panel's formal discussions. Personnel requirements, however, are likely to be minimal.

**5. Issues.** No significant issues were identified.

## **F. Embassy Operations**

*The Secretary of State should lead a process of "right-sizing" all American posts overseas. The process must ensure that embassy activities are responsive to the emerging challenges and encourage greater flexibility in the size and concept of embassies and consulates to serve specialized needs.*

*Embassies should be reorganized into sections reflecting the new State Department organization: political, security, and economic/transnational affairs.*

**1. Background.** The Commission endorses the recommendation of the Overseas Presence Advisory Panel to "right-size" (i.e., establish the correct size and sites) for U.S. embassies.<sup>25</sup> The Department of State has already begun this process. The Commission urges the Department to complete the process and in so doing, reorganize the embassies and missions to reflect the recommended reorganization of the State Department bureaus.

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<sup>25</sup> U.S. Department of State, *America's Overseas Presence in the 21<sup>st</sup> Century, Report of the Overseas Presence Advisory Panel*, November 1999. The Panel concluded that right sizing would result in staff reductions of ten percent for all agencies represented abroad, with a total savings of \$380 million per year.

**2. Implementation Blueprint.** The matrix in Table 7 below suggests a notional process to carry out the Commission's recommendation.

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
1. Secretary of State to direct review of ongoing efforts to "right-size" embassies and preparation of a plan detailing efforts to date and the way ahead	Secretary of State	Within 18 months
2. Secretary of State should promulgate a policy for reorganizing U.S. missions according to new organization of Department of State	Secretary of State	Following approval of legislation redefining the roles and responsibilities of the Under Secretaries of State

**Table 7. Implementation Issues and Approaches**

If such information is not readily available, the Secretary could request an update on the "right-sizing" initiative. Based on this update, efforts could then be directed to complete the "right-sizing" process. The Secretary of State should also consider promulgating a policy for reorganizing U.S. embassies and missions according to the new organization of the Department.

**3. Process Implications.** While opportunities for process improvement exist, no significant process implications were identified.

**4. Personnel Implications.** The process of right sizing embassies may yield some personnel redundancies. The impact of right-sizing can be minimized by absorbing redundant personnel in the training float recommended by the Commission for the Foreign Service and Civil Service (Recommendations 41 and 42).<sup>26</sup> This would also obviate the need to increase budgets to make up for the additional personnel required to sustain a 15 percent personnel float.

**5. Issues.** No significant issues were identified.

## **G. Interagency Regional Coordination**

*The President should establish NSC policy coordination committees for each major region, chaired by the respective regional Under Secretary of State, to develop regional strategies and coordinated government-wide plans for their implementation.*

*The President should direct the Secretary of Defense to ensure that the regional Commanders-in-Chief incorporate nonmilitary considerations into their planning, and that they rely on their political advisers to ensure close links with the Ambassadors in the region.*

*The President should ask the Secretary of State to instruct the regional Under Secretaries to meet at least semi-annually with the ambassadors located in their region (with one such meeting each year being held in the same general location as the regional CINCs.)*

**1. Background.** The Commission believes the security environment of the 21<sup>st</sup> century will be marked increasingly by transnational challenges and regional responses. Problems such as movements of refugees, ethnic violence, the spread of deadly disease, and environmental disasters tend to overflow national boundaries. Responses, also, take on a multinational character, as intervention often requires securing access rights from several neighboring countries, and as regional or international organizations step in to contain or resolve the problem. Today, the United States is not optimally organized to address regional problems through regional approaches. U.S. diplomatic activity revolves around embassies and missions accredited to individual states or organizations and no mechanism exists to prompt them to coordinate their activities regionally. The unified military commands are organized regionally, but their primary focus is on military contingencies. In addition, although Commanders-in-Chief (CINCs) have Political Advisers from the Department of State, there is no process for ensuring input from the civilian agencies into military planning. The Commission believes this situation creates a gap between the CINC and the Ambassador, who often will be carrying out complementary parts of policy.

To remedy this problem, the Commission recommends that the President direct the agencies responsible for implementing national security policy to cooperate in regional planning. To support such interagency coordination, the President should:

- Establish within the NSC structure policy coordination committees for each region, to be headed by the regional Under Secretaries of State. These committees would develop regional strategies and coordinate government-wide plans for their implementation.<sup>27</sup>
- Direct the Secretary of Defense to have regional CINCs institute a process through their Political Advisers to involve the Ambassadors in their region in their military planning.
- Direct the Secretary of State to instruct the regional Under Secretaries to meet at least semi-annually with the ambassadors located in their region (with one such meeting each year being held in the same location as the regional CINCs.)

**2. Implementation Blueprint.** All of the above recommendations can be implemented by Presidential directive and none require legislation or intermediary steps.

**3. Process Implications.** While opportunities for business process improvement may exist, no significant process implications were identified.

**4. Personnel Implications.** No significant personnel implications arise from the above recommendations.

**5. Issues.** No significant issues were identified.

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<sup>26</sup> See the implementation plan for the Commission's recommendations for the Foreign Service for greater detail on the training float concept.

<sup>27</sup> The current Administration released National Security Presidential Directive (NSPD)-1, "Organization of the National Security Council System," which replaces Interagency Working Groups (IWGs) with six regional and 11 functional "Policy Coordination Committees." See Appendix D for the text of NSPD-1.

### **III. ISSUES, OPPORTUNITIES, CHALLENGES**

#### **A. Establishment of Regional Under Secretaries**

The Commission's recommendation for reorganizing the Department of State by establishing five regional Under Secretaries and one Under Secretary for Global Affairs to which functional bureaus will report may encounter resistance within the Department. Currently, State Department bureaus are empowered to report directly to the Secretary of State for the regions and functional issues for which they are responsible. Under the reorganization, therefore, the bureaus may perceive a loss of authority and flexibility.

The reorganization may be challenged also on the basis that the enhanced authority of the regional Under Secretaries inherent in this recommendation adds an extra layer of review, which some may argue will slow down the decision making process. This problem may not materialize, however, if the Under Secretaries focus on integration and management, leaving to the bureaus the bulk of the responsibility for providing functional or regional policy expertise and relying on them accordingly. To maintain this division of labor, it is key that those appointed to Under Secretary of State positions be selected on the basis of their management skills as well as regional expertise.

#### **B. Consolidation of U.S. AID into the State Department**

The consolidation of U.S. AID functions into the State Department presents a challenge in that it is likely to result in some personnel redundancies. Some redundancies may occur among foreign nationals currently employed by each agency, others among Foreign Service and Civil Service employees. U.S. AID and the State Department will need to understand what kinds of contracts or agreements are in place for the employment of foreign nationals and understand the implications the consolidation could have. This will require a thorough understanding of any restrictions that might exist in dealing with foreign national employees. For the consolidation to succeed, it will require close coordination with the union(s).

The State Department and U.S. AID have several options to consider in dealing with personnel in redundant positions. One of the first things they should consider is if these individuals can effectively be absorbed by the recommended ten to fifteen percent staff increase to provide a training float. The Commission recommended such a float for both the Foreign Service and the Civil Service. If after this consideration there are still "excess" personnel then U.S. AID and the State Department should consider whether they can achieve an acceptable staff profile in a reasonable amount of time through normal attrition or if additional measures will be required. If early retirement or buyout incentives are employed they will need to consider the budgetary implications. If this does become a reality it should be planned carefully to minimize the loss of the employees with critical skills.

#### **C. Emphasize Strategic Planning**

This recommendation may also generate opposition on the basis that it requires an additional layer of review that could slow down decision making. The recommendation gives enhanced responsibility to the Under Secretaries for the preparation of the International Affairs Budget. Once bureaus are recast as functional and subordinate to regional Under Secretaries, the Under Secretaries would be best placed to produce performance plans that integrate planned

programs across a region, or in the case of the Under Secretary for Global Affairs, that integrate related functional programs. As a result, the reorganization may lead to a perception that it creates additional work in the planning process.

While the enhanced planning process requires additional layers of review, it may prove less cumbersome if the format for MPPs, BPPs, and the integrated plans to be produced by the Under Secretaries' staffs is streamlined. Over the years, as well, this problem may take care of itself, as continuity in policy allows missions, bureaus, and Under Secretaries' staff to modify existing performance plans rather than creating entirely new documents.

**D. Summary Table**

Table 8 below summarizes key issues identified in this implementation plan and the related approaches for addressing each challenge.

<b>Issue</b>	<b>Approach</b>
1. Reorganization of State Department may slow down decision making by adding additional layer of review	Emphasize the management and integration aspects of the Under Secretary positions.
2. Integration of U.S. AID functions into Department of State may result in Foreign Service, Civil Service, and Foreign National personnel redundancies	<p>Explore potential for absorbing excess personnel by instituting a "training float" of ten to 15 percent.</p> <p>Review agreements in place with respect of Foreign National personnel.</p> <p>Work with unions to address problems early on.</p>
3. Enhanced strategic planning coupled with reorganization will require an additional layer of program planning by Under Secretaries	Streamline performance plans formats further.

**Table 8. Issues and Approaches**

## IV. IMPLEMENTATION MEANS

Recommendations for reorganizing the Department of State and consolidating U.S. AID into the Department depend on the introduction and passage of legislation. The recommendation for establishing regional Policy Coordination Committee can be realized through the promulgation of a Presidential national security directive.

### A. Legislative Changes

Since the Commission's recommendations on the Department of State and U.S. AID are to be implemented together, one bill should address both elements. The legislation should provide enough direction to the Secretary to reorganize the Department as envisioned by the Commission's recommendations, while giving the Secretary enough flexibility to determine how best to effect this reorganization. Draft legislation implementing the Commission's recommendations is at Appendix B.

**1. Reorganization of the Department of State.** To realize the Commission's recommendations, legislation would have to repeal existing limits on the number of Under Secretaries. The U.S. code limits the number of Under Secretary positions within the Department of State to six and of Assistant Secretary positions to 24. The reorganization of the Department of State along the lines of five regional Under Secretaries and an Under Secretary for Global Affairs will require increasing the total number of Under Secretaries within the Department to seven, necessitating a repeal of the current limit.<sup>28</sup> The number of Assistant Secretaries would increase by one, necessitating an increase in the current limit.<sup>29</sup>

The legislation would also have to repeal eight statutory positions:

- The Under Secretary for Public Diplomacy and Public Affairs;
- The Under Secretary for Arms Control and International Security;
- The Assistant Secretary for Democracy, Human Rights, and Labor;
- The Assistant Secretary for South Asian Affairs;
- The Assistant Secretary for Verification and Compliance;
- The Assistant Secretary for Oceans and International and Scientific Affairs;
- The Special Coordinator for Counter Terrorism; and
- The Special Coordinator for Water Policy Negotiations and Water Resources Policy.

Some of the functions of the Under Secretary for Public Diplomacy and Public Affairs could be folded into the Assistant Secretary for Economic and Transnational Affairs, while others could be executed by an office of Public Affairs reporting directly to the Secretary.<sup>30</sup> The

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<sup>28</sup> There will continue to be an Under Secretary for Management, whose functions will not change substantively.

<sup>29</sup> The Commission's recommended reorganization will require a total of 18 Assistant Secretaries reporting to the five regional Under Secretaries and the Under Secretary for Global Affairs. Four Assistant Secretaries currently report to the Under Secretary for Management and the reorganization will not affect their functions significantly, although some of the planning and budgeting functions of FMP will transfer to the new office of Strategic Planning, Assistance, and Budget. The Commission envisions the bureaus of Public Affairs, Legislative Affairs, and Intelligence and Research will be headed by Assistant Secretaries, requiring an increase in the total number of Assistant Secretaries to 25.

<sup>30</sup> The Under Secretary for Public Diplomacy and Public Affairs was established by the Foreign Affairs Reform and Restructuring Act of 1998, which integrated USIA into the Department of State. This position consequently discharges

functions of Under Secretary for Arms Control and International Security and of the Assistant Secretary for Verification and Compliance will be transferred to the Assistant Secretaries for security under each new Under Secretary. The functions of the regional Assistant Secretaries would transfer to the Assistant Secretaries under the Regional Under Secretaries. The functions of the Assistant Secretary for Democracy, Human Rights and Labor, the Assistant Secretary for Oceans and International and Scientific Affairs, and the Special Coordinator for Counter Terrorism would transfer to the Under Secretary for Global Affairs. In addition, the Assistant Secretaries for Economic and Transnational Affairs under each regional Under Secretary would follow those issues as appropriate. Under the State Department reorganization envisioned by the Commission, no Special Coordinators should be required, as the Under Secretary for Global Affairs and the Assistant Secretaries reporting to that office would handle any non-region specific issue.

**2. U.S. AID Integration.** To implement the Commission's recommendations, legislation would have to disestablish U.S. AID as an independent agency and transfer its foreign assistance functions to the Secretary of State. The legislation would also have to ensure the transfer to the Department of State those U.S. AID personnel associated with the functions being absorbed by the Department of State. In addition, the legislation would have to require the appropriate disposition of U.S. AID assets. The legislation would also ensure the transfer of all unexpended U.S. AID appropriations to the Department of State. Following the enactment of this legislation, the President would amend Executive Order 13118, which implemented the provisions of the Foreign Affairs Reform and Restructuring Act that established U.S. AID as an independent agency, through the issuance of another Executive Order, in accordance with the enacted legislation.

**3. Requirement for a Report to Congress.** The legislation would grant the Secretary of State authority for carrying out the reorganization and would require the Secretary to submit a detailed plan to Congress explaining how the reorganization would be carried out. This plan would detail the specific transfer of functions that would occur in the Department to enable the absorption of U.S. AID and the establishment of the regional Under Secretaries, the Under Secretary for Global Affairs, and the Assistant Secretaries for Political Affairs, Economic and Transnational Affairs, and Security Affairs. The legislation would specify a date by which the organization plan must be reported to Congress. Figure 6 summarizes what must be considered and accomplished in order to implement the new legislation.

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certain functions formerly carried out by USIA, such as cultural and educational exchanges that might be absorbed by the functional bureaus under the regional Under Secretaries.

<p><b>Reorganization of Department of State</b></p> <ul style="list-style-type: none"> <li>• Repeal requirement for Under Secretary for Arms Control and International Security</li> <li>• Repeal requirements for Under Secretary for Public Diplomacy</li> <li>• Repeal requirement for Assistant Secretary for Democracy, Human Rights, and Labor</li> <li>• Repeal requirement for Assistant Secretary of State for South Asian Affairs</li> <li>• Repeal requirement for Assistant Secretary of State for Verification and Compliance</li> <li>• Repeal requirement for Assistant Secretary for Oceans and International and Scientific Affairs</li> <li>• Repeal requirement for Coordinator for Counter Terrorism</li> <li>• Repeal requirement for Special Coordinator for Water Policy Negotiations and Water Resources Policy</li> <li>• Increase number of Under Secretaries allowed in the Department to seven</li> <li>• Establish the authorities of Under Secretaries for Africa, Europe, Inter-American Affairs, Near East and South Asia, and Asia</li> <li>• Establish the authorities of six Assistant Secretaries for Political Affairs, six Assistant Secretaries for Economic and Transnational Affairs, and six Assistant Secretaries for Security Affairs and increase the number of Assistant Secretaries to 25</li> </ul>
<p><b>Abolishment of U.S. AID</b></p> <ul style="list-style-type: none"> <li>• Repeal the establishment of U.S. AID as an independent agency</li> <li>• Transfer the functions of U.S. AID to the Department of State</li> <li>• Transfer associated U.S. AID personnel to the Department of State</li> <li>• Enable the disposition of U.S. AID assets, the transfer of unspent appropriations to the Department of State</li> </ul>
<p><b>Reorganization Plan and Report to Congress</b></p>

**Figure 6. Basic Elements of Implementing Legislation**

**4. Committees of Jurisdiction.** Committees of jurisdiction for legislation affecting the Department of State and U.S. AID are the Senate Foreign Relations Committee, the House International Relations Committee, the Senate Commerce, Justice, State and the Judiciary Appropriations Subcommittee, the Senate Foreign Operations Appropriations Subcommittee, the House Commerce, Justice, State and the Judiciary Appropriations Subcommittee, and the House Foreign Operations Appropriations Subcommittee.

**B. Presidential Directives**

The Commission's recommendation for establishing policy coordination committees for each major region of the world, chaired by the respective regional Under Secretary of State, has been implemented by issuance of National Security Presidential Directive (NSPD)-1, which is included at Appendix D.

## **V. PERSONNEL IMPLICATIONS**

The only major personnel implications identified in this implementation plan are from the consolidation of U.S. AID into the Department of State. Approximately 6,000 Foreign Service, Civil Service, and foreign national personnel staff U.S. AID. After personnel associated with U.S. AID functions are transferred to the Department of State, it is possible that some personnel redundancies will result.

The State Department and U.S. AID have several options for dealing with personnel in redundant positions. First, they should consider whether excess personnel could effectively be absorbed by the ten to fifteen percent staff increase recommended by the Commission to establish a training float in the Foreign Service and Civil Service. The State Department and U.S. AID could also evaluate the effects of normal attrition, to determine whether this may help achieve a more acceptable staff profile. Alternatively, the State Department and U.S. AID would have to consider more early retirement or buyout incentives, evaluating the budgetary implications of these steps and taking appropriate steps to obtain the necessary resources. Should this option be necessary, it should be planned carefully to minimize the loss of the employees with critical skills.

U.S. AID and the State Department will also need to understand what kinds of contracts or agreements are in place for the employment of foreign nationals and understand the implications the consolidation could have. This will require a thorough understanding of any restrictions that might exist in dealing with foreign national employees. For the consolidation to succeed, it will require close coordination with the appropriate labor union(s).

As consolidation plans evolve and the new organization takes shape, new positions may be required and old positions may change enough to require new position descriptions and reclassification. New positions or changing job requirements may require additional training for employees to reach anticipated performance levels. Once the consolidated organization is designed and job requirements are identified, the Department should conduct a skills/training gap analysis. The results of this analysis can be used to tailor the training curriculum to meet the needs of the Department. The Foreign Service implementation plan calls for a review and expansion of the professional development opportunities offered to Foreign Service employees. The data from this skills/training gap analysis could help determine what types of opportunities should be provided.

## **VI. APPENDICES**

**APPENDIX A:  
IMPLEMENTATION BLUEPRINT MATRIX**

**INSTITUTIONAL REFORM****Department of State**

<b>Recommendation</b>	<b>Action</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
The President should propose to Congress a plan to reorganize the State Department, creating five Under Secretaries, with responsibility for overseeing the regions of Africa, Europe, Inter-America, and Near East/South Asia, and redefining the responsibilities of the Under Secretary for Global Affairs. These new Under Secretaries would operate in conjunction with the existing Under Secretary for Management.	Task State Department to draft plan for reorganization	Secretary of State	Within 15 days
	Review statutory requirements for Under Secretary positions	State Department	Within 30 days
	Review statutory requirements for Assistant Secretary positions	State Department	Concurrent with above
	Draft plan for reassigning responsibilities of Under Secretaries and Assistant Secretaries	State Department	Within 90 days
	Integrate State Department reorganization and AID's consolidation plan and submit to President	State Department and AID	Within 150 days
	Formulate strategy for presenting plan to Congress	White House, State Department, AID	Within 180 days
	Hold consultations with Congress and modify as appropriate	White House, State Department, and AID	Within 210 days

Recommendation	Action	Responsibility	Implementation Timeline
	Present modified legislative proposal to Congress or consult with committees of jurisdiction and request legislative changes	White House, State Department, and AID	Within 240 days
The President should propose to the Congress that the U.S. Agency for International Development be consolidated into the State Department.	President to task State Department and AID to draft plan for incorporating AID functions into the Department of State	White House	Within 15 days and concurrently with adoption of recommendation for reorganizing the State Department
	State Department and AID to form working group to study statutory implications of recommendation	Secretary of State	Within 30 days
	Working group to draft plan consolidating AID functions into the Department of State	State Department and AID working group	Within 120 days and concurrent with plan for reassigning the responsibilities of Under Secretaries and Assistant Secretaries of State
	Integrate State Department reorganization and AID's consolidation plan and submit to President	State Department and AID working group	Within 150 days
	Formulate strategy for presenting plan to Congress	White House, State Department, and AID	Within 180 days
	Hold consultations with Congress and modify as appropriate	White House, State Department, and AID	Within 210 days
	Present legislative proposal for State Department reorganization and AID integration to Congress	White House	Within 240 days

Recommendation	Action	Responsibility	Implementation Timeline
The Secretary of State should give greater emphasis to strategic planning in the State Department and link it directly to the allocation of resources through the establishment of a Strategic Planning, Assistance and Budget office.	Draft interdepartmental memorandum establishing the authorities and responsibilities of the office of Strategic Planning, Assistance, and Budget.	Office of Secretary of State (S)	Within 60 days
	Draft plan to disestablish the offices of Policy Planning (S/P) and Resources, Plans, and Policy (S/RPP), and integrate the budget planning functions of the Office of Finance, Management, and Planning into the new office as appropriate.	S, Under Secretary for Management (M)	In conjunction with above
	Review strategic planning process to improve links to resource management.	New Office of Strategic Planning, Assistance, and Budget, M, Office of Finance and Management Policy (FMP)	Within 120 days
	Promulgate policy on strategic planning	Secretary of State	Within 130 days
	Integrate new Strategic Planning, Assistance, and Budget Office into State Department reorganization plan	State Department and AID working group	Within 150 days

Recommendation	Action	Responsibility	Implementation Timeline
The President should ask Congress to appropriate funds to the State Department in a single integrated Foreign Operations budget, which would include all the foreign assistance programs and activities as well as all the expenses for personnel and operations.		The President	Within 60 days
	Senate leadership and House Leadership appoint separate panels to make recommendations for transferring all jurisdiction for State Department appropriations to Foreign Operations Subcommittees	Senate and House leadership	Within 90 days
	Panels report recommendations for reorganization to Senate and House leadership	Congressional panels	Within 120 days
	Senate and House leadership consult to reconcile differences	Senate and House leadership	Within 120 days
	Senate and House pass resolutions reorganizing committees as appropriate	Senate and House	At start of next Congress
The President should ensure that Ambassadors have the requisite area knowledge as well as leadership and management skills to function effectively. He should appoint an independent advisory panel to the Secretary of State to vet ambassadorial appointees, career and non-career.	Establish operating parameters for panel	Secretary of State	Within 6 months

Recommendation	Action	Responsibility	Implementation Timeline
	Request Congressional funding for panel	White House	FY 03 budget
	Solicit names of panel members	White House, State Department, Congress	Within 18 months
The Secretary of State should lead a process of "right-sizing" all American posts overseas. The process must ensure that embassy activities are responsive to the emerging challenges and encourage greater flexibility in the size and concept of embassies and consulates to serve specialized needs.	Secretary of State to direct review of ongoing efforts to "rightsize" embassies, and preparation of a plan detailing efforts to date and the way ahead.	Secretary of State (S)	Within 18 months
	Secretary of State to promulgate policy for reorganizing U.S. missions according to new organization of Department of State	Secretary of State	Following the approval of legislation authorizing the reorganization of the Department
The President should establish NSC interagency working groups for each major region, chaired by the respective regional Under Secretary of State, to develop regional strategies and coordinated government-wide plans for their implementation.	President to issue Presidential Decision Directive establishing regional policy coordination committees chaired by State Under Secretaries.	The President, NSC staff	Within 30 days
The President should direct the Secretary of Defense to ensure that the regional CINCs incorporate nonmilitary considerations into their planning, and that they rely on their political advisers to ensure close links with the Ambassadors in the region.		The President	Within 30 days

<b>Recommendation</b>	<b>Action</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
The President should ask the Secretary to State to instruct the regional Under Secretaries to meet at least semi-annually with the ambassadors located in their region (with one such meeting each year being held in the same general location as the regional CINCs).		The President	Within 30 days

**APPENDIX B:  
DRAFT LEGISLATIVE LANGUAGE**

**DRAFT LEGISLATION  
PROPOSED FINAL BILL  
A BILL**

To enhance achievement of the nation's foreign policy goals by consolidating, reinvigorating, and strengthening the foreign assistance functions of the United States within the Department of State.

**DEPARTMENT OF STATE REORGANIZATION**

TITLE I--GENERAL PROVISIONS

SEC. 101. SHORT TITLE.

This Act may be cited as the \_\_\_\_\_ Act of 2001/2002.

SEC. 102. PURPOSES.

The purposes of this reorganization are--

(1) to clearly establish and increase responsibility and accountability within the offices of the Department of State

(2) to closely integrate regional and functional activities, minimizing competing policy views within the State Department

(3) to strengthen--

(A) the coordination of United States foreign policy; and

(B) the leading role of the Secretary of State in the formulation and articulation of United States foreign policy;

(4) to consolidate and reinvigorate the foreign assistance functions of the United States within the Department of State by--

(A) abolishing the United States Agency for International Development, and transferring the functions of this agency to the Department of State while preserving the special missions and skills of this agency;

(B) providing for the reorganization of the Department of State to maximize the efficient use of resources, which may lead to budget savings, eliminated redundancy in functions, and improvement in the management of the Department of State;

(5) to ensure that programs critical to the promotion of United States national interests be maintained;

(6) to allow for an increase in State Department resources necessary to carry out the nation's foreign policy.

## SEC. 103. DEFINITIONS.

- (1) AID- The term `AID' means the United States Agency for International Development.
- (2) AGENCY; FEDERAL AGENCY- The term `agency' or `Federal agency' means an Executive agency as defined in Section 105 of title 5, United States Code.
- (3) APPROPRIATE CONGRESSIONAL COMMITTEES- The term `appropriate congressional committees' means the Committee on International Relations and the Committee on Appropriations of the House of Representatives and the Committee on Foreign Relations and the Committee on Appropriations of the Senate.
- (4) COVERED AGENCY- The term `covered agency' means the following agency: AID.
- (5) DEPARTMENT- The term `Department' means the Department of State.
- (6) FUNCTION- The term `function' means any duty, obligation, power, authority, responsibility, right, privilege, activity, or program.
- (7) OFFICE- The term `office' includes any office, administration, agency, institute, unit, organizational entity, or component thereof.
- (8) SECRETARY- The term `Secretary' means the Secretary of State.

## TITLE II—UNITED STATES DEPARTMENT OF STATE

### CHAPTER 1—GENERAL PROVISIONS.

#### SEC. 201. EFFECTIVE DATE.

This title, and the amendments made by this title, shall take effect on the earlier of—

- (1) [Month, Day, Year;] or
- (2) the date of reorganization of the United States Department of State pursuant to the reorganization plan described in Section 401.

### CHAPTER 2—ABOLITION AND TRANSFER OF POSITIONS AND FUNCTIONS

#### SEC. 202. ABOLITION OF POSITIONS.

The Under Secretary for Arms Control and International Security is abolished.  
The Under Secretary for Public Diplomacy and Public Affairs is abolished.  
The Assistant Secretary for Democracy, Labor, and Human Rights is abolished.  
The Coordinator for Counterterrorism is abolished.  
The Assistant Secretary of State for South Asian Affairs is abolished.

The Assistant Secretary of State for Verification and Compliance is abolished.  
The Assistant Secretary of State for Oceans and International, Environmental, and Scientific Affairs is abolished.  
The Special Coordinator for Water Policy Negotiations and Water Resources Policy is abolished.

#### SEC. 203. ESTABLISHMENT OF POSITIONS.

The regional Under Secretaries of Africa, Asia, Europe, Inter-America, and Near East/South Asia are now established.

Assistant Secretaries for the bureaus of Political Affairs, Security Affairs, and Economic and Transnational Affairs under each regional Under Secretary and the Under Secretary for Global Affairs are now established.

In accordance with this Act, seven Under Secretaries for the Department of State are now established:

Five Regional Under Secretaries;  
one Under Secretary for Global Affairs;  
and one Under Secretary for Management.

In accordance with this Act, twenty-five Assistant Secretaries for the Department of State are now established:

Eighteen Assistant Secretaries under the regional Under Secretaries and the Under Secretary for Global Affairs, four Assistant Secretaries under the Bureau of Management, and three Assistant Secretaries for Legislative Affairs, Intelligence and Research, and Public Affairs.

#### SEC. 204. TRANSFER OF FUNCTIONS

There are transferred all functions of the Under Secretary for Arms Control and International Security, and any office or statute, reorganization plan, Executive Order, or other provision of law to the Assistant Secretaries the Secretary of State deems appropriate.

There are transferred all functions of the Under Secretary for Public Diplomacy and Public Affairs, and any office or statute, reorganization plan, Executive Order, or other provision of law to the Assistant Secretary (-level) reporting directly to the Secretary of State.

There are transferred all functions of the Assistant Secretary for Democracy, Labor, and Human Rights, and any office or statute, reorganization plan, Executive Order, or other provision of law to the Assistant Secretaries of the Economic and Transnational Affairs bureaus under each regional Under Secretary (or to the Under Secretary of Global Affairs).

There are transferred all functions of the Assistant Secretary of State for South Asian Affairs, and any office or statute, reorganization plan, Executive Order, or other provision of law to the Assistant Secretaries the Secretary of State deems appropriate.

There are transferred all functions of the Assistant Secretary of State for Verification and Compliance, and any office or statute, reorganization plan, Executive Order, or other provision of law to the Assistant Secretaries the Secretary of State deems appropriate.

There are transferred all functions of the Assistant Secretary of State for Oceans and International, Environmental, and Scientific Affairs, and any office or statute, reorganization plan, Executive Order, or other provision of law to the Assistant Secretaries the Secretary of State deems appropriate.

There are transferred all functions of the Coordinator of Counterterrorism, and any office or statute, reorganization plan, Executive Order, or other provision of law to the Assistant Secretaries the Secretary of State deems appropriate.

There are transferred all functions of the Special Coordinator for water policy negotiations and water resources policy, and any office or statute, reorganization plan, Executive Order, or other provision of law to the Assistant Secretaries the Secretary of State deems appropriate.

The role of the Under Secretary for Global Affairs is redefined as the third ranking officer within the Department of State, with responsibilities for issues that transcend regions.

#### CHAPTER 3—CONFORMING AMENDMENTS.

##### SEC. 205. REPEALS.

The following sections of the Title 22 U.S.C. shall be repealed:  
2651(b)(2), 2651(b)(3), 2651(c)(2), 2651(e), 2652(b), 2652(c), 2655(a), 2686(a)

##### SEC. 206. AMENDMENTS.

The following sections of the 22 U.S.C. 2651a. shall be amended:

2651(b) to read "There shall be in the Department of State not more than 7 Under Secretaries of State, who shall be appointed by the President, by and with the advice and consent of the Senate"

2651(c)(1) to read "There shall be in the Department of State not more than 25 Assistant Secretaries of State, each of whom will be appointed by the President, by and with the advice and consent of the Senate"

TITLE III-UNITED STATES AGENCY FOR  
INTERNATIONAL DEVELOPMENT

CHAPTER 1--GENERAL PROVISIONS.

SEC. 301. EFFECTIVE DATE.

This title, and the amendments made by this title, shall take effect on the earlier of--

(1) [Month, Day, Year;] or

(2) the date of abolition of the United States Agency for International Development pursuant to the reorganization plan described in Section 401.

CHAPTER 2--ABOLITION AND TRANSFER OF FUNCTIONS.

SEC. 302. ABOLITION OF UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT.

The United States Agency for International Development is abolished.

SEC. 303. TRANSFER OF FUNCTIONS AND AUTHORITIES TO SECRETARY OF STATE.

There are transferred to the Secretary of State all functions of the Administrator of the United States Agency for International Development, and any office or component of such agency, under any statute, reorganization plan, Executive Order, or other provision of law, as of the day before the effective date of this title.

As the Secretary of State deems appropriate:

There are transferred to the Assistant Secretaries of the Department of State regional bureaus all functions of the Agency for International Development's following geographic bureaus: Sub-Saharan Africa (AFR), Asia and the Near East (ANE), Latin America & the Caribbean (LAC), and Europe and Eurasia (E&E).

There are transferred to the Under Secretary of the Global Affairs of the Department of State all functions of the following Agency for International Development's functional bureaus: Global Programs, Field Support & Research (G) and Humanitarian Response (BHR). The residing Under Secretary of Global Affairs is authorized to delegate these functions to the Assistant Secretary of Global Affairs, as they deem appropriate.

There are transferred to the Secretary of State all functions of the following Agency for International Development's headquarters bureaus: Management (M), Legislative and Public Affairs (LPA), and Policy and Program Coordination (PPC). The Secretary of State is authorized to delegate these functions to Department of State Under Secretaries and Assistant Secretaries as deemed appropriate.

There are transferred to the Secretary of State all functions of the Agency for International Development Office of the Inspector General.

#### SEC. 304. TRANSFER OF POSITIONS.

Except as otherwise provided, any reference in any statute, reorganization plan, Executive Order, regulation, agreement, determination, or other official document or proceeding to-

(1) the Director of the United States Agency for International Development shall be deemed to refer to the Secretary of State;

(2) the United States Agency for International Development, AID, shall be deemed to refer to the Department of State.

#### CHAPTER 3--CONFORMING AMENDMENTS.

#### SEC. 305. REPEALS.

(a) The following sections of the Foreign Affairs Reform and Restructuring Act of 1998 (22 U.S.C. 6501 et seq.) are repealed: Section 102 ( 22 U.S.C. 6501), Section 413 (22 U.S.C. 6563), Section 522 (22 U.S.C. 6592).

(b) The following sections of Executive Order 13118 are repealed: 1-2 a, b c and e.

#### SEC. 306. AMENDMENTS.

The following sections of the Foreign Affairs Reform shall be amended:  
Section 102 (22 U.S.C. 6501), Section 511 (22 U.S.C. 6581), Section 601 (22 U.S.C. 6601),  
Section 613 (22 U.S.C. 6613)

### TITLE IV--TRANSITION

#### CHAPTER 1--REORGANIZATION PLAN.

#### SEC. 401. REORGANIZATION PLAN AND REPORT.

(a) SUBMISSION OF PLAN AND REPORT- Not later than 60 days after the date of the enactment of this Act, the President shall transmit to the appropriate congressional committees a reorganization plan and report regarding--

(1) the abolition of the two Under Secretaries of State in accordance with this Act;

(2) the abolition of the four Assistant Secretaries of State in accordance with this Act;

(3) the abolition of two Coordinators of State in accordance with this Act;

(4) the establishment of five regional Under Secretaries and 18 Assistant Secretaries in accordance with this Act;

(5) the transfer of functions from the abolished Under Secretaries to the newly formed regional Under Secretaries with the provision of this Act;

(6) the transfer of functions from the abolished Assistant Secretaries to the Assistant Secretaries of the Political, Security, and Economic and Transnational Affairs bureaus with the provision of this Act;

(7) the transfer of functions from the abolished Coordinators of State to the appropriate positions;

(8) the abolition of the United States Agency for International Development in accordance with this Act;

(9) the termination of the affairs of the agency abolished under this Act;

(10) the transfer to the Department of the functions and personnel of the agency consistent with the provisions of this Act; and

(11) the consolidation, reorganization, and streamlining of the Department in connection with the transfer of such functions and personnel in order to carry out such functions.

(b) PLAN ELEMENTS- The plan transmitted under subsection (a) shall contain, consistent with this Act, such elements as the President deems appropriate, including elements that--

(1) identify the functions of each Under Secretary, Assistant Secretary and Coordinator that will be transferred to the newly formed positions under this plan;

(2) identify the functions of the Agency for International Development that will be transferred to the Department under the plan;

(3) specify the funds available to the Agency for International Development that will be transferred to the Department as a result of the transfer of functions of such agency to the Department;

(4) specify the proposed allocations within the Department of unexpended funds transferred in connection with the transfer of functions under the plan;

(5) specify the proposed disposition of the property, facilities, contracts, records, and other assets and liabilities of the Agency for International Development in connection with the transfer of the functions of such agency to the Department;

(6) specify the steps to be taken by the Secretary of State to reorganize internally the functions of the Department, including the consolidation of offices and functions, that will be required under the plan in order to permit the Department to carry out the functions transferred to it, and within it, under the plan;

(c) MODIFICATION OF PLAN- The President may, on the basis of consultations with the appropriate congressional committees, modify or revise any part of the plan transmitted under subsection (a) until that part of the plan becomes effective in accordance with subsection (e).

(d) REPORT- The report accompanying the reorganization plan for the Reorganization of the Department of State submitted pursuant to this section shall describe the implementation of the plan and shall include--

(1) a detailed description of--

(A) the actions necessary or planned to complete the reorganization;

(B) the anticipated nature and substance of any orders, directives, and other administrative and operational actions which are expected to be required for completing or implementing the reorganization; and

(C) any preliminary actions which have been taken in the implementation process;

(2) the number of personnel and positions of the Agency for International Development (including civil service personnel, Foreign Service personnel, and detailees) that are expected to be transferred to the Department, separated from service with such agency, or eliminated under the plan, and a projected schedule for such transfers, separations, and terminations;

(3) the number of personnel and positions of the Department (including civil service personnel, Foreign Service personnel, and detailees) that are expected to be transferred within the Department, separated from service with the Department, or eliminated under the plan, and a projected schedule for such transfers, separations, and terminations;

(4) a projected schedule for completion of the implementation process; and

(5) recommendations, if any, for legislation necessary to carry out changes made by this Act relating to personnel and to incidental transfers.

(e) EFFECTIVE DATE-

(1) IN GENERAL- The reorganization plan described in this section, including any modifications or revisions of the plan under subsection (c), shall become effective on the earlier of the date for the respective covered agency specified in paragraph (2) or the date announced by the President under paragraph (3).

(2) STATUTORY EFFECTIVE DATES- The effective dates under this paragraph for the reorganization plan described in this section are the following:

(A) [Month, Day, Year] with respect to the Reorganization of the Department of State

(B) [Month, Day, Year] with respect to the abolition of the Agency for International Development.

(3) EFFECTIVE DATE BY PRESIDENTIAL DETERMINATION- An effective date under this paragraph for a reorganization plan described in this section is such date as the President shall determine to be appropriate and announce by notice published in the Federal Register, which date may be not earlier than 90 calendar days after the President has transmitted the reorganization plan to the appropriate congressional committees pursuant to subsection (a).

(f) PUBLICATION- The reorganization plan described in this section shall be printed in the Federal Register after the date upon which it first becomes effective.

## CHAPTER 2--REORGANIZATION AUTHORITY.

### SEC. 402. REORGANIZATION AUTHORITY.

(a) IN GENERAL- The Secretary is authorized, subject to the requirements of this Act, to allocate or reallocate any function transferred to the Department under any title of this Act, and to establish, consolidate, alter, or discontinue such organizational entities within the Department as may be necessary or appropriate to carry out any reorganization under this Act, but this subsection does not authorize the Secretary to modify the terms of any statute that establishes or defines the functions of any bureau, office, or officer of the Department.

(b) REQUIREMENTS AND LIMITATIONS ON REORGANIZATION PLAN- The reorganization plan transmitted under Section 401 may not have the effect of--

- (1) creating a new executive department;
- (2) continuing a function beyond the period authorized by law for its exercise or beyond the time when it would have terminated if the reorganization had not been made;
- (3) authorizing a Federal agency to exercise a function which is not authorized by law at the time the plan is transmitted to Congress;
- (4) creating a new Federal agency which is not a component or part of an existing executive department or independent agency; or
- (5) increasing the term of an office beyond that provided by law for the office.

### SEC. 403. TRANSFER AND ALLOCATION OF APPROPRIATIONS.

(a) IN GENERAL- Except as otherwise provided in this Act, the assets, liabilities (including contingent liabilities arising from suits continued with a substitution or addition of parties), contracts, property, records, and unexpended balance of appropriations, authorizations, allocations, and other funds employed, held, used, arising from, available to, or to be made available in connection with the functions and offices, or portions thereof, transferred by any title of this division shall be transferred to the Secretary for appropriate allocation.

(b) LIMITATION ON USE OF TRANSFERRED FUNDS- Except as provided in subsection (c), unexpended and unobligated funds transferred pursuant to any title of this division shall be used only for the purposes for which the funds were originally authorized and appropriated.

(c) FUNDS TO FACILITATE TRANSITION-

(1) CONGRESSIONAL NOTIFICATION- Funds transferred pursuant to subsection (a) may be available for the purposes of reorganization subject to notification of the appropriate congressional committees in accordance with the procedures applicable to a reprogramming of funds under Section 34 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2706).

(2) TRANSFER AUTHORITY- Funds in any account appropriated to the Department of State may be transferred to another such account for the purposes of reorganization, subject to notification of the appropriate congressional committees in accordance with the procedures applicable to a reprogramming of funds under Section 34 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2706). The authority in this paragraph is in addition to any other transfer authority available to the Secretary of State and shall expire on [Month, Day, Year].

#### SEC. 404. TRANSFER, APPOINTMENT, AND ASSIGNMENT OF PERSONNEL.

(a) TRANSFER OF PERSONNEL FROM AID- No later than the date of abolition of AID, all personnel and positions of AID shall be transferred to the Department of State at the same grade or class and the same rate of basic pay or basic salary rate and with the same tenure held immediately preceding transfer.

(b) ASSIGNMENT AUTHORITY- The Secretary, for a period of not more than 6 months commencing on the effective date of the transfer to the Department of State of personnel, is authorized to assign such personnel to any position or set of duties in the Department of State regardless of the position held or duties performed by such personnel prior to transfer, except that, by virtue of such assignment, such personnel shall not have their grade or class or their rate of basic pay or basic salary rate reduced, nor their tenure changed. The Secretary shall consult with the relevant exclusive representatives (as defined in Section 1002 of the Foreign Service Act and in Section 7103 of title 5, United States Code) with regard to the exercise of this authority. This subsection does not authorize the Secretary to assign any individual to any position that by law requires appointment by the President, by and with the advice and consent of the Senate.

(c) SUPERSEDING OTHER PROVISIONS OF LAW- Subsections (a) through (c) shall be exercised notwithstanding any other provision of law.

#### SEC. 405. INCIDENTAL TRANSFERS.

The Director of the Office of Management and Budget, when requested by the Secretary, is authorized to make such incidental dispositions of personnel, assets, liabilities, grants, contracts, property, records, and unexpended balances of appropriations, authorizations,

allocations, and other funds held, used, arising from, available to, or to be made available in connection with such functions, as may be necessary to carry out the provisions of any title of this division. The Director of the Office of Management and Budget, in consultation with the Secretary, shall provide for the termination of the affairs of all entities terminated by this division and for such further measures and dispositions as may be necessary to effectuate the purposes of any title of this division.

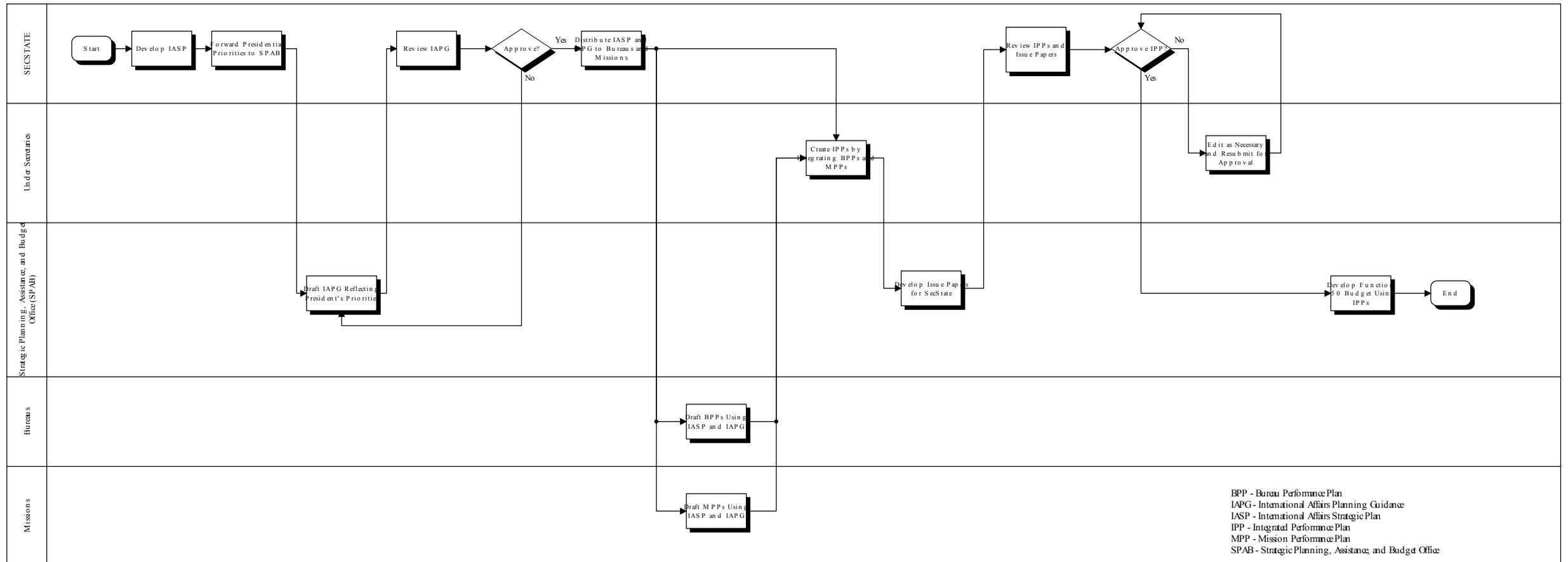
#### SEC. 406. AUTHORITY OF SECRETARY OF STATE TO FACILITATE TRANSITION.

Notwithstanding any provision of this division, the Secretary of State, with the concurrence of the head of the appropriate Federal agency exercising functions transferred under this division, may transfer the whole or part of such functions prior to the effective dates established in this division, including the transfer of personnel and funds associated with such functions.

#### SEC. 407. FINAL REPORT.

Not later than [Month, Day, Year], the President, in consultation with the Secretary of the Treasury and the Director of the Office of Management and Budget, shall submit to the appropriate congressional committees a report which provides a final accounting of the finances and operations of the agencies and positions abolished under this Act.

## APPENDIX C: DOS RECOMMENDATION 21: EMPHASIZE STRATEGIC PLANNING – STRATEGIC PLANNING PROCESS MAP



**APPENDIX D:  
NATIONAL SECURITY PRESIDENTIAL DIRECTIVE-1**

**The White House  
Washington**

February 13, 2001

MEMORANDUM FOR THE VICE PRESIDENT

THE SECRETARY OF STATE  
THE SECRETARY OF THE TREASURY  
THE SECRETARY OF DEFENSE  
THE ATTORNEY GENERAL  
THE SECRETARY OF AGRICULTURE  
THE SECRETARY OF COMMERCE  
THE SECRETARY OF HEALTH AND HUMAN SERVICES  
THE SECRETARY OF TRANSPORTATION  
THE SECRETARY OF ENERGY  
ADMINISTRATOR, ENVIRONMENTAL PROTECTION AGENCY  
DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET  
UNITED STATES TRADE REPRESENTATIVE  
CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS  
DIRECTOR, NATIONAL DRUG CONTROL POLICY  
CHIEF OF STAFF TO THE PRESIDENT  
DIRECTOR OF CENTRAL INTELLIGENCE  
DIRECTOR, FEDERAL EMERGENCY MANAGEMENT AGENCY  
ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS  
ASSISTANT TO THE PRESIDENT FOR ECONOMIC POLICY  
COUNSEL TO THE PRESIDENT  
CHIEF OF STAFF AND ASSISTANT TO THE VICE PRESIDENT  
FOR NATIONAL SECURITY AFFAIRS  
DIRECTOR, OFFICE OF SCIENCE AND TECHNOLOGY POLICY  
CHAIRMAN, BOARD OF GOVERNORS OF THE FEDERAL RESERVE  
CHAIRMAN, COUNCIL ON ENVIRONMENTAL QUALITY  
CHAIRMAN, EXPORT-IMPORT BANK  
CHAIRMAN OF THE JOINT CHIEFS OF STAFF  
COMMANDANT, U.S. COAST GUARD  
ADMINISTRATOR, NATIONAL AERONAUTICS AND SPACE  
ADMINISTRATION  
CHAIRMAN, NUCLEAR REGULATORY COMMISSION  
DIRECTOR, PEACE CORPS  
DIRECTOR, FEDERAL BUREAU OF INVESTIGATION  
DIRECTOR, NATIONAL SECURITY AGENCY  
DIRECTOR, DEFENSE INTELLIGENCE AGENCY  
PRESIDENT, OVERSEAS PRIVATE INVESTMENT CORPORATION  
CHAIRMAN, FEDERAL COMMUNICATIONS COMMISSION  
COMMISSIONER, U.S. CUSTOMS SERVICE  
ADMINISTRATOR, DRUG ENFORCEMENT ADMINISTRATION  
PRESIDENT'S FOREIGN INTELLIGENCE ADVISORY BOARD  
ARCHIVIST OF THE UNITED STATES  
DIRECTOR, INFORMATION SECURITY OVERSIGHT OFFICE

**SUBJECT: Organization of the National Security Council System**

This document is the first in a series of National Security Presidential Directives.  
National Security Presidential Directives shall replace both Presidential Decision

Directives and Presidential Review Directives as an instrument for communicating presidential decisions about the national security policies of the United States.

National security includes the defense of the United States of America, protection of our constitutional system of government, and the advancement of United States interests around the globe. National security also depends on America's opportunity to prosper in the world economy. The National Security Act of 1947, as amended, established the National Security Council to advise the President with respect to the integration of domestic, foreign, and military policies relating to national security. That remains its purpose. The NSC shall advise and assist me in integrating all aspects of national security policy as it affects the United States - domestic, foreign, military, intelligence, and economics (in conjunction with the National Economic Council (NEC)). The National Security Council system is a process to coordinate executive departments and agencies in the effective development and implementation of those national security policies.

The National Security Council (NSC) shall have as its regular attendees (both statutory and non-statutory) the President, the Vice President, the Secretary of State, the Secretary of the Treasury, the Secretary of Defense, and the Assistant to the President for National Security Affairs. The Director of Central Intelligence and the Chairman of the Joint Chiefs of Staff, as statutory advisors to the NSC, shall also attend NSC meetings. The Chief of Staff to the President and the Assistant to the President for Economic Policy are invited to attend any NSC meeting. The Counsel to the President shall be consulted regarding the agenda of NSC meetings, and shall attend any meeting when, in consultation with the Assistant to the President for National Security Affairs, he deems it appropriate. The Attorney General and the Director of the Office of Management and Budget shall be invited to attend meetings pertaining to their responsibilities. For the Attorney General, this includes both those matters within the Justice Department's jurisdiction and those matters implicating the Attorney General's responsibility under 28 U.S.C. 511 to give his advice and opinion on questions of law when required by the President. The heads of other executive departments and agencies, as well as other senior officials, shall be invited to attend meetings of the NSC when appropriate.

The NSC shall meet at my direction. When I am absent from a meeting of the NSC, at my direction the Vice President may preside. The Assistant to the President for National Security Affairs shall be responsible, at my direction and in consultation with the other regular attendees of the NSC, for determining the agenda, ensuring that necessary papers are prepared, and recording NSC actions and Presidential decisions. When international economic issues are on the agenda of the NSC, the Assistant to the President for National Security Affairs and the Assistant to the President for Economic Policy shall perform these tasks in concert.

The NSC Principals Committee (NSC/PC) will continue to be the senior interagency forum for consideration of policy issues affecting national security, as it has since 1989. The NSC/PC shall have as its regular attendees the Secretary of State, the Secretary of the Treasury, the Secretary of Defense, the Chief of Staff to the President, and the Assistant to the President for National Security Affairs (who shall serve as chair). The Director of

Central Intelligence and the Chairman of the Joint Chiefs of Staff shall attend where issues pertaining to their responsibilities and expertise are to be discussed. The Attorney General and the Director of the Office of Management and Budget shall be invited to attend meetings pertaining to their responsibilities. For the Attorney General, this includes both those matters within the Justice Department's jurisdiction and those matters implicating the Attorney General's responsibility under 28 U.S.C. 511 to give his advice and opinion on questions of law when required by the President. The Counsel to the President shall be consulted regarding the agenda of NSC/PC meetings, and shall attend any meeting when, in consultation with the Assistant to the President for National Security Affairs, he deems it appropriate. When international economic issues are on the agenda of the NSC/PC, the Committee's regular attendees will include the Secretary of Commerce, the United States Trade Representative, the Assistant to the President for Economic Policy (who shall serve as chair for agenda items that principally pertain to international economics), and, when the issues pertain to her responsibilities, the Secretary of Agriculture. The Chief of Staff and National Security Adviser to the Vice President shall attend all meetings of the NSC/PC, as shall the Assistant to the President and Deputy National Security Advisor (who shall serve as Executive Secretary of the NSC/PC). Other heads of departments and agencies, along with additional senior officials, shall be invited where appropriate.

The NSC/PC shall meet at the call of the Assistant to the President for National Security Affairs, in consultation with the regular attendees of the NSC/PC. The Assistant to the President for National Security Affairs shall determine the agenda in consultation with the foregoing, and ensure that necessary papers are prepared. When international economic issues are on the agenda of the NSC/PC, the Assistant to the President for National Security Affairs and the Assistant to the President for Economic Policy shall perform these tasks in concert.

The NSC Deputies Committee (NSC/DC) will also continue to serve as the senior sub-Cabinet interagency forum for consideration of policy issues affecting national security. The NSC/DC can prescribe and review the work of the NSC interagency groups discussed later in this directive. The NSC/DC shall also help ensure that issues being brought before the NSC/PC or the NSC have been properly analyzed and prepared for decision. The NSC/DC shall have as its regular members the Deputy Secretary of State or Under Secretary of the Treasury or Under Secretary of the Treasury for International Affairs, the Deputy Secretary of Defense or Under Secretary of Defense for Policy, the Deputy Attorney General, the Deputy Director of the Office of Management and Budget, the Deputy Director of Central Intelligence, the Vice Chairman of the Joint Chiefs of Staff, the Deputy Chief of Staff to the President for Policy, the Chief of Staff and National Security Adviser to the Vice President, the Deputy Assistant to the President for International Economic Affairs, and the Assistant to the President and Deputy National Security Advisor (who shall serve as chair). When international economic issues are on the agenda, the NSC/DC's regular membership will include the Deputy Secretary of Commerce, a Deputy United States Trade Representative, and, when the issues pertain to his responsibilities, the Deputy Secretary of Agriculture, and the NSC/DC shall be chaired by the Deputy Assistant to the President for International Economic Affairs for

agenda items that principally pertain to international economics. Other senior officials shall be invited where appropriate.

The NSC/DC shall meet at the call of its chair, in consultation with the other regular members of the NSC/DC. Any regular member of the NSC/DC may also request a meeting of the Committee for prompt crisis management. For all meetings the chair shall determine the agenda in consultation with the foregoing, and ensure that necessary papers are prepared.

The Vice President and I may attend any and all meetings of any entity established by or under this directive.

Management of the development and implementation of national security policies by multiple agencies of the United States Government shall usually be accomplished by the NSC Policy Coordination Committees (NSC/PCCs). The NSC/PCCs shall be the main day-to-day fora for interagency coordination of national security policy. They shall provide policy analysis for consideration by the more senior committees of the NSC system and ensure timely responses to decisions made by the President. Each NSC/PCC shall include representatives from the executive departments, offices, and agencies represented in the NSC/DC.

Six NSC/PCCs are hereby established for the following regions: Europe and Eurasia, Western Hemisphere, East Asia, South Asia, Near East and North Africa, and Africa. Each of the NSC/PCCs shall be chaired by an official of Under Secretary or Assistant Secretary rank to be designated by the Secretary of State.

Eleven NSC/PCCs are hereby also established for the following functional topics, each to be chaired by a person of Under Secretary or Assistant Secretary rank designated by the indicated authority:

Democracy, Human Rights, and International Operations (by the Assistant to the President for National Security Affairs);

International Development and Humanitarian Assistance (by the Secretary of State);

Global Environment (by the Assistant to the President for National Security Affairs and the Assistant to the President for Economic Policy in concert);

International Finance (by the Secretary of the Treasury);

Transnational Economic Issues (by the Assistant to the President for Economic Policy);

Counter-Terrorism and National Preparedness (by the Assistant to the President for National Security Affairs);

Defense Strategy, Force Structure, and Planning (by the Secretary of Defense);

Arms Control (by the Assistant to the President for National Security Affairs);

Proliferation, Counterproliferation, and Homeland Defense (by the Assistant to the President for National Security Affairs);

Intelligence and Counterintelligence (by the Assistant to the President for National Security Affairs); and

Records Access and Information Security (by the Assistant to the President for National Security Affairs).

The Trade Policy Review Group (TPRG) will continue to function as an interagency coordinator of trade policy. Issues considered within the TPRG, as with the PCCs, will flow through the NSC and/or NEC process, as appropriate.

Each NSC/PCC shall also have an Executive Secretary from the staff of the NSC, to be designated by the Assistant to the President for National Security Affairs. The Executive Secretary shall assist the Chairman in scheduling the meetings of the NSC/PCC, determining the agenda, recording the actions taken and tasks assigned, and ensuring timely responses to the central policymaking committees of the NSC system. The Chairman of each NSC/PCC, in consultation with the Executive Secretary, may invite representatives of other executive departments and agencies to attend meetings of the NSC/PCC where appropriate.

The Assistant to the President for National Security Affairs, at my direction and in consultation with the Vice President and the Secretaries of State, Treasury, and Defense, may establish additional NSC/PCCs as appropriate.

The Chairman of each NSC/PCC, with the agreement of the Executive Secretary, may establish subordinate working groups to assist the PCC in the performance of its duties.

**The existing system of Interagency Working Groups is abolished.**

- The oversight of ongoing operations assigned in PDD/NSC-56 to Executive Committees of the Deputies Committee will be performed by the appropriate regional NSC/PCCs, which may create subordinate working groups to provide coordination for ongoing operations.
- The Counter-Terrorism Security Group, Critical Infrastructure Coordination Group, Weapons of Mass Destruction Preparedness, Consequences Management and Protection Group, and the interagency working group on Enduring Constitutional Government are reconstituted as various forms of the NSC/PCC on Counter-Terrorism and National Preparedness.

- The duties assigned in [PDD/NSC-75](#) to the National Counterintelligence Policy Group will be performed in the NSC/PCC on Intelligence and Counterintelligence, meeting with appropriate attendees.
- **The duties assigned to the Security Policy Board and other entities established in [PDD/NSC-29](#) will be transferred to various NSC/PCCs, depending on the particular security problem being addressed.**
- The duties assigned in [PDD/NSC-41](#) to the Standing Committee on Nonproliferation will be transferred to the PCC on Proliferation, Counterproliferation, and Homeland Defense.
- The duties assigned in [PDD/NSC-35](#) to the Interagency Working Group for Intelligence Priorities will be transferred to the PCC on Intelligence and Counterintelligence.
- The duties of the Human Rights Treaties Interagency Working Group established in [E.O. 13107](#) are transferred to the PCC on Democracy, Human Rights, and International Operations
- The Nazi War Criminal Records Interagency Working Group established in [E.O. 13110](#) shall be reconstituted, under the terms of that order and until its work ends in January 2002, as a Working Group of the NSC/PCC for Records Access and Information Security.

Except for those established by statute, other existing NSC interagency groups, ad hoc bodies, and executive committees are also abolished as of March 1, 2001, unless they are specifically reestablished as subordinate working groups within the new NSC system as of that date. Cabinet officers, the heads of other executive agencies, and the directors of offices within the Executive Office of the President shall advise the Assistant to the President for National Security Affairs of those specific NSC interagency groups chaired by their respective departments or agencies that are either mandated by statute or are otherwise of sufficient importance and vitality as to warrant being reestablished. In each case the Cabinet officer, agency head, or office director should describe the scope of the activities proposed for or now carried out by the interagency group, the relevant statutory mandate if any, and the particular NSC/PCC that should coordinate this work. The Trade Promotion Coordinating Committee established in E.O. 12870 shall continue its work, however, in the manner specified in that order. As to those committees expressly established in the National Security Act, the NSC/PC and/or NSC/DC shall serve as those committees and perform the functions assigned to those committees by the Act.

To further clarify responsibilities and effective accountability within the NSC system, those positions relating to foreign policy that are designated as special presidential emissaries, special envoys for the President, senior advisors to the President and the Secretary of State, and special advisors to the President and the Secretary of State are also

abolished as of March 1, 2001, unless they are specifically redesignated or reestablished by the Secretary of State as positions in that Department.

This Directive shall supersede all other existing presidential guidance on the organization of the National Security Council system. With regard to application of this document to economic matters, this document shall be interpreted in concert with any Executive Order governing the National Economic Council and with presidential decision documents signed hereafter that implement either this directive or that Executive Order.

[signed: George W. Bush]

cc: The Executive Clerk

**Road Map for National Security  
Addendum on Implementation**



**National Security Education Act Implementation Plan**

*Prepared for the U.S. Commission on National Security/21<sup>st</sup> Century*

## Executive Summary

This implementation plan recommends a course of action for executing the recommendation of the U.S. Commission on National Security/21<sup>st</sup> Century to expand the National Security Education Act of 1991 to ensure the federal government continues to attract a talented workforce to government service.

USCNS/21 <sup>ST</sup> CENTURY RECOMMENDATIONS <sup>1</sup>
39. Congress should significantly expand the National Security Education Act (NSEA) to include broad support for social sciences, humanities, and foreign languages in exchange for military and civilian service to the nation.

**Table 1. Summary of Recommendation**

This implementation plan provides concepts for the Commission's recommendation concerning the National Security Education Act. In the Human Requirements for National Security chapter of the Phase III report, *Road Map for National Security: Imperative for Change*, the Commission highlights a number of factors that are discouraging highly qualified people from considering government service. Therefore, the Commission advocates that the Executive Branch undertake a campaign to "*reinvigorate and enhance the prestige of service to the nation*,"<sup>2</sup> attracting talented individuals to government service.

The 1991 National Security Education Act (NSEA) funds scholarships for undergraduate students, fellowships for graduates students, and grants to higher learning institutions and is designed to focus individuals on international studies and foreign languages to staff U.S. government national security-related agencies. Recipients of scholarships and fellowships are required to enter government service with a federal agency involved in national security affairs. If, after making a "good faith" effort, a recipient is unable to find federal employment, the scholarship or fellowship recipient may work in the field of higher education.

Currently, the NSEA has three key elements: the National Security Education Program (NSEP) that administers scholarships, fellowships, and institutional grants; the National Security Trust Fund, to which funds are appropriated annually by Congress for the purpose of supporting the NSEP; and the National Security Education Board, composed of officials of Cabinet rank and additional presidential appointees, charged with developing the criteria for awarding the scholarships and recommending any changes in the program to the chairman of the Board.

The NSEP is administered by the National Security Education Program Office. The Institute of International Education (IIE) and the Academy for Educational Development (AED), both non-profit organizations, provide administration for the scholarship and fellowship programs based on guidance of the NSEP Office. In addition, the National Security Education Program Office, based at the National Defense University, provides executive office support to the National Security Education Board and administers the institutional grants program.

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<sup>1</sup> The recommendation addressed in this implementation plan is extracted from *Road Map for National Security: Imperative for Change*, the U.S. Commission on National Security/21<sup>st</sup> Century (USCNS/21)'s Phase III report, posted on January 31, 2001, at [www.nssg.gov](http://www.nssg.gov), and published on March 15, 2001. All references are based on the published report. (Hereafter cited as *Road Map*).

<sup>2</sup> *Road Map*, p. 89.

The Commission proposes reinforcing the Act by expanding the existing authority, increasing the subject areas qualifying for undergraduate scholarships and graduate fellowships and extending the length of the scholarships from the current maximum of two years to a maximum of four years. The Commission also recommends modifying certain requirements for the scholarships and fellowships; expanding the scope of the NSEA by providing professional development programs for scholarship and fellowship recipients; and extending student loan debt relief options for those individuals who choose government service after completing their education. These proposals are an effort to attract highly qualified and motivated individuals to careers in military and civilian government service and offer national security agencies and departments the opportunity to choose from among the nation's best and brightest.

Implementing this recommendation will require amending the National Security Education Act. This implementation plan identifies the elements of such a legislative amendment, recognizing that consultations with Congress will determine the eventual content of the amendment.

The key constraining issue identified in this implementation plan is the significant resource requirement for funding the proposed expansion of the National Security Education Act. The recommendation reflects an expanded focus for the NSEA, making other academic studies, beyond just language and foreign studies, eligible for scholarships under NSEP and providing a significant increase in benefits through longer scholarship award periods and repayment of student loans.

# Implementation Plan: National Security Education Act

## I. READER'S GUIDE

This reader's guide provides a brief introduction to the content and layout of the National Security Education Act (NSEA) implementation plan. The guide first provides a brief contextual background that will aid the reader in understanding the content of this document; it then addresses the scope of the implementation plan; and finally it outlines the layout for the rest of this document.

### A. Background

The U.S. Commission on National Security/21<sup>st</sup> Century concluded that "the United States finds itself on the brink of an unprecedented crisis of competence in government."<sup>3</sup> The declining orientation toward government service as a prestigious career has, in some instances, made it difficult for government departments and agencies—particularly those involved in national security affairs—to compete with the private sector in attracting and retaining talent. Also troubling to the Commission is the cynicism with which many Americans view the government and government officials.

To help navigate the 21<sup>st</sup> century security environment, the Commission believes the United States "must strengthen government (civil and military) personnel systems in order to improve recruitment, retention, and effectiveness at all levels."<sup>4</sup> To this end, the Commission has proposed a broad set of recommendations aimed at improving the Foreign Service, the Civil Service, and Military Personnel policies so as to attract highly qualified individuals across the country to their ranks and to improve current retention rates. But just as key to the effort to bolster the government's human resources will be motivating a new generation of leaders to seek careers in government, especially in the national security departments and agencies, so that government agencies will have a large pool of talented and committed individuals from which to select and grow dedicated staff. The Commission thus advocates a "*national campaign to reinvigorate and enhance the prestige of service to the nation...* to attract the best Americans to military and civilian government service."<sup>5</sup>

To achieve this objective, the Commission proposes a significant expansion of the 1991 National Security Education Act (NSEA) to fund scholarships for undergraduate students, fellowships for graduates students, and grants to higher learning institutions, for the purpose of developing a cadre of individuals educated in international studies and foreign languages to staff U.S. national security agencies. Recipients of scholarships and fellowships are required to enter government service with a federal agency involved in national security affairs, or work in the field of higher education if a recipient is unable to find federal employment after making a "good faith" effort.

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<sup>3</sup> *Road Map*, p. 87.

<sup>4</sup> *Seeking a National Strategy: A Concert for Preserving Security and Promoting Freedom*, The U.S. Commission on National Security/21<sup>st</sup> Century (USNCS/21)'s Phase II Report, April 15, 2000, p. 9.

<sup>5</sup> *Road Map*, p. 89.

The NSEA has three key elements: the scholarships, fellowships, and institutional grants which comprise the National Security Education Program (NSEP); the National Security Trust Fund, to which funds are appropriated yearly by Congress (and separately from the appropriations Congress makes for departments and agencies) for the purpose of supporting the NSEP; and the National Security Education Board, a body comprised of officials of cabinet rank and additional presidential appointees, charged with developing the criteria for awarding the scholarships and recommending any program changes to the Secretary of Defense. The National Security Education Board is chaired by the Secretary of Defense and composed of the Secretaries of Education, State, Commerce, and Energy, the Director of Central Intelligence, and the Chairman of the National Endowment for the Humanities, or their representatives. In addition, it includes six presidential appointees, subject to Senate confirmation, who are usually drawn from higher learning institutions around the country.

The National Security Education Program is supported by an infrastructure that administers the programs and supports the National Security Education Board. The Institute of International Education (IIE), a national nonprofit organization, administers the undergraduate scholarships, and the Academy for Educational Development (AED), also a nonprofit, administers the graduate fellowships based on guidance provided by the National Security Education Program Office. In addition, National Security Education Program Office, based at the National Defense University, provides executive office support to the National Security Education Board.

In order to expand the Act, the Commission proposes broadening the existing authority of the NSEA to diversify the pool of students eligible for undergraduate scholarships and graduate fellowships and extending the length of the scholarships from the current maximum of two years (two separate one year scholarships) to a maximum of four years. The Commission also recommends modifying certain requirements for the scholarships and fellowships, so that scholarships may be used for other academic studies beyond study abroad and foreign language instruction. In addition, the Commission envisions expanding the scope of the NSEA program to provide professional development for scholarship and fellowship recipients, so as to prepare students to enter government or military service at the end of their studies. Finally, the Commission proposes adding student debt relief to entice additional individuals to service who have completed their studies without benefit of the scholarship or fellowship program. The objective of these recommendations is to motivate students to choose government service, thus expanding the pool of highly qualified individuals from which federal agencies may recruit.

## **B. Scope of Implementation Plan**

The Commission's final report, *Road Map for National Security: Imperative for Change*, contains one broad recommendation for expanding the NSEA.<sup>6</sup> This recommendation includes four supporting recommendations:

- Increasing the subjects currently designated for study;
- Extending the award period for NSEA scholarships;

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<sup>6</sup> *Road Map* also contains a synopsis of the findings contained in earlier Commission reports.

- Establishing a professional development element as part of the scholarship to prepare students to fulfill their service requirements; and
- Providing a student loan repayment plan for those who choose government service but do not participate in the NSEA scholarship and fellowship program.

This plan identifies steps to be taken to implement the recommendations offered by the Commission and guides the reader in understanding the implications of the recommendations. The plan also highlights issues raised by the recommendations, including challenges in implementing them, and provides options to facilitate implementation. Throughout the plan, tables are used to simplify presentation and format remains the same for each recommendation to facilitate comparisons.

### **C. Implementation Plan Layout**

Section II of this plan provides a blueprint for implementing the Commission's recommendations pertaining to the NSEA. This section suggests actions that could be taken to achieve the objectives laid out in the recommendations: increase the subjects currently designated for study; offer one- to four-year scholarships; include a professional development element; and provide debt relief for those who choose government service after completing their education. It also identifies responsibilities and provides a notional timeline for each action. Appendix A includes a matrix summarizing the information in this section.

Section III describes issues, challenges, and opportunities raised by the recommendations and presents potential courses of action to address them.

Section IV describes means by which the recommendations can be implemented, including legislative action and policy guidance. Draft language for necessary legislative actions to implement these recommendations is included in Appendix B.

Section V addresses personnel implications.

Section VI contains the appendices.

## II. IMPLEMENTATION BLUEPRINTS

This implementation plan describes issues and requirements raised by Commission recommendations, and provides options that, if adopted, will facilitate implementation of those recommendations. The plan identifies general responsibilities for actions required to implement the Commission's recommendations. It also identifies reasonable timelines for these actions and arranges actions in sequence. Throughout the plan, tables are used to simplify presentation and format remains the same for each recommendation to facilitate comparisons.

### A. Expand the National Security Education Act

***Recommendation 39: Congress should significantly expand the National Security Education Act (NSEA) to include broad support for social sciences, humanities, and foreign languages in exchange for military and civilian service to the nation.***

**1. Background.** Due to increasing competition from the private sector in recruiting high-caliber individuals, the Commission proposes expanding the authority of the National Security Education Act of 1991 to provide additional incentives to attract students to civilian and military government service. Currently, the NSEA provides limited scholarships and fellowships for studying foreign languages and foreign area studies for those areas of the world critical to U.S. national security, particularly those areas that are less commonly studied. Scholarship recipients commit to government service in a national security field or to teaching for a period equal to that of the scholarship.<sup>7</sup> The NSEA expansion proposed by the Commission maintains the requirement for government service, but broadens the criteria for awarding scholarships to provide incentives for service to a broader and more diverse pool of students.

Providing attractive incentives is an important element in recruiting capable individuals for government and military service. The revised Act would expand the pool of students eligible for undergraduate scholarships and graduate fellowships and increase the length of scholarships up to four years. Participation in a professional development activity would be required of scholarship and fellowships recipients under the amended NSEA.<sup>8</sup> The Commission also proposes extending education-related debt relief for those individuals who choose government service after completing their studies.

The following blueprint addresses actions required to amend the NSEA and enact all of the supporting recommendations: increasing the subjects currently designated for study by expanding the focus beyond language and foreign studies; extending the award period for NSEA scholarships to allow up to four year scholarships; establishing a professional development element as part of the scholarship to prepare students to fulfill their service requirement; and providing a student loan repayment plan for those who did not receive NSEA scholarships or fellowships and who choose government service after completing their education. Subsequent sections include a table for each supporting recommendation that outlines additional steps

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<sup>7</sup> The Act also permits the use of funds to develop faculty expertise in languages and foreign area studies for less commonly studied countries.

<sup>8</sup> The Commission recommends professional development for NSEA scholarships recipients, as well as for beneficiaries of the National Security Science and Technology Education Act (NSSTEPA), Recommendation 11 in *Road Map for National Security*.

necessary to implement them, the organization responsible for each action, and a notional implementation timeline for each action. Each table is followed by a narrative description of the actions necessary to implement each supporting recommendation.

## 2. Recommended Blueprint.

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
1. Set objectives for an expanded NSEA	Secretary of Defense, as chairperson of the Board, with Board support	30 days
2. Identify stakeholders who might help or hinder the process and develop a plan to engage those who support the change	National Security Education Board	30 days
3. Draft amended National Security Education Act	Secretary of Defense, as chairperson of the Board, with Board support	45 days, concurrent with Task 2
4. Consult with relevant Congressional committee members and staffers	Secretary of Defense, as chairperson of the Board, and relevant stakeholders	60 days, concurrent with Task 2
5. Prepare relevant documents (applications and other supporting materials)	National Security Education Board and its administrative agents <sup>9</sup>	60 days after passage of amendment
5. Develop a plan for communicating the change and the benefits of the program	National Security Education Board	60 days after passage of amendment

**Table 2. Expanding the National Security Education Act**

Each supporting recommendation requires amending the National Security Education Act of 1991. (Draft language for a legislative amendment is included in Appendix B.) The National Security Education Board will be a key player in defining the elements of an expanded NSEA program. The reasons are threefold. First, this is its legislative mandate. The NSEA established the National Security Education Board to develop the criteria for awarding scholarships and to make recommendations to the Secretary of Defense regarding required changes to the program. Second, the composition of the Board includes key stakeholders from the national security agencies who would have an interest in the results of an expanded NSEA. Third, the Board already has in place a process and structure for reviewing scholarship and fellowship award criteria, with the support of the Executive Secretary of the Board,<sup>10</sup> and the National Security Education Program Office.

As indicated above, The National Security Education Board is chaired by the Secretary of Defense and composed of the Secretaries of Education, State, Commerce, and Energy, the Director of Central Intelligence, the Chairman of the National Endowment for the Humanities, or their representatives, as well as six presidential appointees drawn from institutions of higher learning. The Commission also recommends that the Board be expanded to include several new

<sup>9</sup> The Academy for Educational Development (AED) administers the graduate fellowships, the Institute of International Education (IIE) administers the undergraduate scholarships, and the National Security Education Program Office administers the institutional grants program.

<sup>10</sup> The Executive Secretary is the chief executive officer of the Board, appointed by the Board, and is a full time employee of the Board.

members. The Secretary of the Treasury should be added to reflect the Commission's recommendation that he also become a statutory member of the National Security Council.<sup>11</sup> The Director of the Office of Personnel Management (OPM) should also be included to provide input on national security human resource requirements. Finally, the Director of the Office of Management and Budget should be designated a Board advisor to provide guidance on the budgetary implications of various NSEB decisions.

In developing a legislative proposal, the Board will have to work closely with, and under direction of, the Secretary of Defense. Indeed, the Secretary of Defense, and the other Cabinet Secretaries represented on the Board, will have a crucial role in establishing the objectives of the expanded NSEA and enlisting the support of the President and Congress for an expanded NSEA. To accomplish the required legislative changes, the Secretary of Defense and other stakeholders should begin consultations with select members of Congress and their staffs to identify legislative champions and to seek commitment to adopting the proposed changes to the NSEA.<sup>12</sup> These consultations should be bipartisan and stress the benefits of expanding the NSEA for each Member's constituency. Key targets in Congress are the chair and ranking members of the Appropriations Committees (and relevant subcommittees) because the proposed expansion of the NSEA requires an increase in the National Security Education Trust Fund; the Senate Armed Services Committee; the House Armed Services Committee; the Senate Foreign Relations Committee; the House International Relations Committee; the Senate Select Committee on Intelligence; and the House Permanent Select Committee on Intelligence.

Commitment of the current generation of leaders, both in Congress and in the Executive Branch, will be key to securing expansion of the NSEA. An expanded NSEA will require additional resources to fund longer scholarships and fellowships, professional development programs, and the loan repayment program. The Administration thus will have to champion the program, clearly articulating the government's human capital requirements to meet the challenges of the 21<sup>st</sup> century national security environment. Ideally, the President should make a statement supporting the program. More broadly, the Administration will have to champion the idea of renewing interest in government service, and reversing negative public attitudes toward government performance and government careers.

The Department of Defense should lead the effort of seeing the amendment through Congress. In addition, in his role as chairperson of the Board, the Secretary of Defense should be prepared to testify before Congress, and other members of the Board should also be prepared to appear before Congress if supporting testimony is required. The Executive Secretary of the Board should coordinate the dissemination of information (e.g., proposed draft legislation, a summary of the changes and why they are important, a summary of anticipated benefits, an estimate of required additional funding, and supporting statements from stakeholders) to Congressional committee staffs.

After passage of the amended NSEA, the Board should direct its administrative agents to prepare revised applications and supporting materials reflecting the changes that will expand the NSEA. Since the expansion represents a fundamental change in the program, the Board should

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<sup>11</sup> See recommendation 17 in *Road Map*, pp. 51-2.

<sup>12</sup> Because Committee Chairs have a great deal of influence over the consideration of bills in committee, and the leadership has authority over consideration of marked-up legislation on the floor, it is important to find Congressional champions among the leadership of both chambers.

consider developing a plan for communicating the expanded program to college and university students and administrators to raise awareness. The Board may choose to rely on its administrative agents to communicate the changes, as information on the current program is most readily available through these agents. The Executive Secretary of the Board should take the lead in providing guidance to the administrative agents and ensuring that a consistent message is delivered to the public.

**3. Process Implications.** No significant process implications were identified.

**4. Personnel Implications.** Some personnel implications are anticipated. There is a potential that the National Security Education Program Office would need a minimal increase in personnel to assist with oversight of and reporting on the expanded Act.

**5. Issues.** Three key issues will affect the passage of an expanded NSEA. First, it will be necessary to obtain the support of the Administration for an expanded national security scholarship and fellowship program as an incentive to government service. Second, it will be crucial to win Congressional champions for the amendment to secure its passage in Congress. Finally, it will be necessary to obtain the required funding for an expanded program. A sound legislative strategy will help in addressing the latter two points.

## **B. Increase the Subjects Currently Designated for Study**

*An expanded Act would increase the subjects currently designated for study.*

**1. Background.** The current NSEA already contains a great deal of flexibility in the fields of study for which scholarships and fellowships are awarded. The original legislation was worded so as to give the National Security Education Board discretion to determine subjects of study for which students could receive scholarships and fellowships. As a result, scholarships and fellowships have been awarded to students studying subjects varying from molecular biology, to mathematics, international relations, foreign languages, and more. The NSEA also charges the National Security Education Board with periodically reviewing the disciplines covered by the Act to ensure that the scholarships and fellowships are targeting enough diverse subjects, especially "critical" areas of study.

Although the NSEA as currently structured allows students to study almost any subject, it requires study abroad for the award of scholarships and the study of a foreign language for the award of both scholarships and graduate fellowships. To create opportunities for a more diverse pool of students, the Commission proposes expanding beyond the already successful foreign language and area study focus, while still providing scholarships for foreign languages and study abroad. The expanded program would also provide scholarships for students in other academic disciplines without language or study abroad requirements. Under the expanded NSEA, the fields of emphasis (e.g., social sciences, history, law) would have the same priority as the geographic areas and languages of emphasis. For example, an individual who chooses to study history would be eligible for a scholarship without adding a foreign language or overseas study component.

## 2. Recommended Blueprint

Actions	Responsibility	Implementation Timeline
1. Review fields, geographic areas and languages of emphasis based on expanded program objectives	National Security Education Board	30 days after passage of amendment

**Table 3. Increasing the Subjects Currently Designated for Study**

The previous section described the actions to be taken by the Board and the Department of Defense to amend the NSEA. That amendment would include a section eliminating the foreign language and study abroad requirements as described above. The revised NSEA would thus result in a broader pool of scholarship and fellowship applicants.

Once the legislative change is approved, however, the National Security Education Board would have to continue its periodic reviews of the disciplines to be covered by the scholarships and fellowships to ensure that they include a broad spectrum of subjects important for national security. The emphasis in this review should be to determine whether the subject areas covered by the NSEA need to be further broadened in response to specific human resources requirements national security agencies may face. The Board also might consider downplaying the hard sciences should Congress enact the National Security Science and Technology Education Act, also proposed by the Commission, which addresses these areas specifically.<sup>13</sup>

**3. Process Implications.** No significant process implications were identified.

**4. Personnel Implications.** No significant personnel implications were identified.

**5. Issues.** There are no major issues involved in reviewing the guidelines since this is a function the Board already serves. The main issue will be convincing the relevant Congressional committee members and staff that a fundamental change in focus, de-emphasizing the international study requirement, is in the best interest of the program.

### C. Offer One- to Four-Year Scholarships

*An expanded act would... offer one- to four-year scholarships good for study at qualified U.S. universities and colleges.*

**1. Background.** Under the current NSEA, undergraduate scholarships are awarded for up to one academic year. Freshmen and sophomore scholarship recipients are eligible to reapply as upperclassmen for a second scholarship. However, the maximum coverage through the National Security Education Program (NSEP) is two academic years. The current maximum coverage for fellowships is six academic semesters. The Commission would like to see this coverage expanded to offer scholarships of up to four years, since a longer scholarship is likely to be a more attractive incentive than a one or two year scholarship.

<sup>13</sup> See recommendation 11, *Road Map*, pp. 40-2.

## 2. Recommended Blueprint

Actions	Responsibility	Implementation Timeline
1. Review and modify scholarship award guidelines	National Security Education Board	45 days after passage of amendment

**Table 4. Offer One- to Four-Year Scholarships**

The current NSEA does not restrict the length of scholarships; it states in part that, "The National Security Education Board shall conduct a program of awarding scholarships to undergraduate students... to enable such students to study abroad, for at least 1 semester...." The NSEA also provides the Board the authority to "develop criteria for awarding scholarships, fellowships, and grants...."<sup>14</sup>

Upon passage of the revised NSEA, the Board should meet to review and modify, as necessary, the scholarship award criteria. Although the Board has the authority to develop criteria for awarding scholarships, fellowships and grants, it might be advisable to share the intent of its changes with key Congressional members and staffers prior to implementation to have the opportunity to address concerns and minimize resistance. The Board should then share any changes in the guidelines with its administrative agents to allow them to incorporate these changes into their processes and documents.

**3. Process Implications.** No significant process implications were identified.

**4. Personnel Implications.** No significant personnel implications were identified.

**5. Issues.** There are no major issues involved in developing new guidelines. The main issue will be getting additional funding to cover longer scholarship periods.

### D. The Scholarship Program Should Include a Professional Development Element

*To prepare students to fulfill their service requirements, the scholarship program should include a professional development element.*

**1. Background.** The Commission recommended that in order to prepare the students to fulfill their service requirements, the scholarship program should include a training (professional development) element.<sup>15</sup> This element could be used to help students: more fully understand the roles of different departments and agencies involved in national security, explore specific types of jobs that may be of interest to them, and gain valuable work experience. It also could be a mechanism to build camaraderie among like-minded students – those interested in public service and more specifically in national security.

<sup>14</sup> Public Law 102-183.

<sup>15</sup> The original recommendation stated that the scholarship program should include a training element. The terminology has been changed in this implementation plan to professional development. The intent of this element is to prepare students to be more effective as they enter the professional workforce and fulfill their service obligations.

## 2. Recommended Blueprint

Actions	Responsibility	Implementation Timeline
1. Identify appropriate types and lengths of professional development activities	National Security Education Board	60 days
2. Design professional development activities	National Security Education Board, with support of National Security Education Program Office	90 days after completion of task 1
3. Develop process to assess effectiveness of professional development activities	National Security Education Board, with support of National Security Education Program Office	First assessment one year after implementation of professional development requirement

**Table 5. Include Training Element in Scholarship Program**

Upon passage of the revised NSEA, which would include a professional development element as a condition of the scholarship and a requirement for the departments and agencies to support this program, the Board should meet to identify the appropriate types and lengths of professional development activities. Some suggestions for consideration follow.

The Board should consider offering a variety of professional development activities of varying lengths and formats. Those students with a scholarship of less than two years may only be required to devote two weeks to professional development activities. One option is a two week seminar, to be held in Washington, DC or at selected college campuses in other locations, designed to introduce students to practical information on the operations of the U.S. Government; specific information about different departments and agencies involved in national security, including structure and processes; the type of work available; and important skills for successful job performance. Such a seminar could also provide practical instructions on how to apply to various national security departments and agencies and how to complete security requirements. The program would provide a broad overview and introduce students to individuals in a variety of national security related positions. The ideal location for such a program would be Washington, DC because of easy access to a wide variety of individuals currently working in national security related positions; with some modifications, however, it might also be conducted in other locations.

Scholarships of two years or more might require an internship of at least two-months duration, possibly in addition to a two week seminar as outlined above. The Board should consider a variety of internship possibilities to meet the professional development requirement. Potential internships could include: interning in a national security related position, interning in a non-national security-related federal government position, interning with state or local government, or interning in the private sector.<sup>16</sup> Any of these experiences could provide valuable learning and help the student gain work experience that could be translated to a national security-related position. Internships should be for a minimum of two months to allow time for

<sup>16</sup> A variety of internship options increases the possibility that students can find paying internships or an internship close to home that would minimize student expenses.

the student to acclimate to the organization and have the opportunity to get involved and make a contribution. Internships served as a part of the professional development requirement would not count toward fulfillment of the individual's service requirement.

NSEP currently has an undergraduate federal internship award program – a grant for scholarship recipients who pursue unpaid internships (or internships with a monthly stipend of no more than \$500 a month) within the NSEP-approved federal agencies or offices. This program, which provides partial coverage for travel and living expenses, should be open to all students pursuing eligible internships, whether for professional development or to meet their service requirement.

The Board, with the support of the Executive Secretary and the National Security Education Program Office, will need to consider the details of such a professional development seminar. To this end, the Board could award an institutional grant to a university to develop the program and then contract with universities or other qualified organizations to deliver the program. Or it could contract with a qualified think tank or consulting firm to develop and deliver the program.<sup>17</sup>

For those recipients of NSEA scholarships who choose to fulfill their government service requirement by entering military service, the professional development element might be fulfilled by attending ROTC or PLC training, or Officer Candidate School.

Once the professional development program is in place, the Board should contract with a qualified organization to assess the effectiveness of the professional development activities in preparing students for a national security-related career in the federal government and allow for adjustments later on. The first assessment should be conducted after the first round of professional development activities to assess student perceptions of their relevance and helpfulness.<sup>18</sup> A second, more comprehensive assessment should be scheduled for three or four years after implementation. This will allow time for some students to participate in professional development activities, finish school and transition into the workforce, giving them a different perspective on the benefits and relevance of the professional development activities. Assessments should be conducted periodically to ensure that the professional development activities are adding value to the NSEP.

**3. Process Implications.** No significant process implications were identified.

**4. Personnel Implications.** No significant personnel implications were identified.

**5. Issues.** The main issues will be gaining agreement on what options should be included in the professional development element and getting additional funding to cover the design, development, delivery, and also basic student expenses (airfare, room and board) for those students involved in the two week seminar. The Board, through its Executive Secretary, can provide oversight while contracting out the design, development, administration, and assessment of the program.

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<sup>17</sup> An example of a similar activity for mid-career professionals that the Government contracts out for delivery is the Defense Leadership and Management Program (DLAMP).

<sup>18</sup> An initial needs assessment should be conducted prior to design of the professional development activities.

## E. Provide for Those Who Choose Government Service After Completing Their Education

*The Act should also provide further incentives for government service.*

**1. Background.** In addition to broadening the NSEA scholarships and fellowships, the Commission believes other incentives should be provided to attract high caliber individuals to government service. For those students who do not participate in the NSEA scholarship program but choose government service after completing undergraduate or graduate studies, the Commission proposes a student loan repayment program as another means to recruit high-quality Civil Service, Foreign Service, and military personnel.

### 2. Recommended Blueprint

Actions	Responsibility	Implementation Timeline
1. Determine funding requirements for expanding the NSEA to include a student loan repayment program and request an increase in the National Security Education Trust Fund	National Security Education Board, with support from NSEA administrative agents	During budget preparation process to include in President's budget request
2. Establish criteria/qualifications for loan repayment eligibility	National Security Education Board, with support NSEA administrative agents	60 days, concurrent with Task 1
3. Establish loan repayment schedule and procedures	National Security Education Board, with support from NSEA administrative agents	60 days

**Table 6. Provide for Repayment of Student Loans**

The Commission recommends establishing a program under the National Security Education Act providing government repayment of student loans for those who choose government service in national security agencies after completing their education. While student loan repayment authority for federal agencies currently exists under Title 5 U.S.C., Section 5379,<sup>19</sup> this authority limits the amount of loan repayment employees can receive under the program. The Commission suggests the NSEA be amended to provide national security agencies another loan repayment authority that does not restrict the amount for which an employee is eligible in an effort to attract and retain high quality individuals to national security government service.

The student loan repayment program would provide an attractive incentive for students who were unable to take advantage or were unaware of the NSEA scholarships and fellowships, and serve as a continued effort to attract talented individuals to careers in the Civil Service, Foreign Service, or the military after completing their education. Additionally, national security agencies should find such a program very appealing since the program would be funded through the National Security Education Trust Fund, not from agencies' annual appropriations.

<sup>19</sup> See "Repayment of Student Loans," Proposed Rules, Federal Register (Volume 66, Number 52): March 16, 2001.

Currently, under the Title 5 authority, funding for student loan repayment comes from individual agencies' budgets so that agencies must balance their interest in extending loan repayment incentives to potential employees with other pressing concerns, such as salaries and hiring.

In establishing the program, the National Security Education Board will require cost estimates to determine the increased funding requirement for the Trust Fund and ensure appropriate budget requests are presented and enough funds appropriated in the next budget cycle. Securing the significant increased funding required to support the program may encounter competition for government appropriations. It will be necessary, therefore, to enlist the support of the Administration for this effort so that a convincing case can be made to Congress.

The Commission believes the student loan repayment program under the NSEA should be as far reaching as possible. To establish as broad a pool of eligible beneficiaries as possible, it should be targeted not to attract only those individuals who would be likely hired for "hard-to-fill" positions. It should cover privately insured loans as well as federally insured or guaranteed loans. Limits (or "caps") on loan payment amounts also should not be set. Based on these broad goals, and because the National Security Education Trust Fund is not a source of open-ended funding, NSEA administrative agents, with direction from the Board, should define and publish the eligibility criteria and specific guidelines on how the loan repayment program is administered. Additionally, the Board should determine which agencies and types of positions would qualify to receive funds under the NSEA loan repayment program and publish appropriate guidance. Eligibility criteria and guidelines for program applicants should clarify that it is at the agencies' discretion how to implement the program and an applicant's agency may choose not to offer this benefit.

In order to entice employees in the program to remain in government service, the loan repayment schedule should have a graduated structure in which the percentage of repayment increases annually, providing greater rewards for employees choosing to remain in civilian or military government service longer. For example, the repayment schedule may be structured to repay 10 percent of a student's educational debt for the first year of service, 15 percent for the second year, 20 percent for the third and fourth years, and 35 percent the fifth year of service. It will be important to establish contractual arrangements requiring students to refund the federal government if they voluntarily leave government service before fulfilling their committed service time under the program.

NSEA administrative agents should prepare program descriptions, guidelines, eligibility criteria, and applications and distribute to qualified agencies once the program is launched.

**3. Process Implications.** No significant process implications were identified.

**4. Personnel Implications.** NSEA administrative agents may require additional personnel for developing student loan repayment program guidelines and eligibility criteria and for selecting program participants. Administration of the student loan repayment program could be managed under the current structure established in the provisions of Title 5 U.S.C., Section 5379, coordinated by the Office of Personnel Management and administered by individual agencies' human resource departments. Depending on program utilization, agencies may be required to make minimal staff increases in human resource departments to adequately administer the program.

**5. Issues.** A significant obstacle for implementing this recommendation is securing funds to support the student loan repayment program. There is great competition for government funds, which will intensify as elements of the proposed tax cut plan are adopted by Congress. Expanding the National Security Education Act and creating an attractive image of government service should be perceived as a top priority of the Administration in order to improve funding opportunities for NSEA programs.

Considering the significant resources required to fund the student loan repayment program, Congress may argue that the authority already exists under Title 5 U.S.C., Section 5379 for such a program. As chairman of the National Security Education Board, the Secretary of Defense should emphasize to Congress the need to recruit and retain a talented workforce for those positions essential to the nation's security.

Under the Title 5 authority, repayment of student loans is funded by individual agencies' budgets. Repayment of student loans under the NSEA program will be funded by the National Security Education Trust Fund causing disputes between non-designated national security agencies and those designated as national security agencies by the National Security Education Board. National security-designated agencies may be viewed as receiving preferential treatment by non-designated national security agencies.

### III. ISSUES, OPPORTUNITIES, CHALLENGES

#### A. General Description

There are a number of significant issues associated with the recommendation to expand the NSEA. The issues deal with convincing the Executive Branch and relevant Congressional committee members and staffers that the NSEA should be expanded and that additional funding should be allocated for this program.

#### B. Issues and Suggested Approaches

This section outlines the issues and suggested approaches for mitigating their negative impact. Four broad issues are raised by the Commission's recommendation to expand the NSEA: obtaining additional funding, gaining support of the Executive Branch, achieving Congressional approval, and assessing the effectiveness of the NSEA in attracting highly qualified candidates into the federal workforce. Each issue will be addressed in turn.

The first and most significant issue is **obtaining additional funding** to support the expanded requirements of the NSEA – longer scholarships and student loan repayment. There is currently great competition for government funds and this could intensify if a tax cut is adopted by Congress. To facilitate appropriation of additional funds, the Board and its stakeholders will need to tell a compelling story about the urgent need for expansion of the program and the significant benefits that it will provide. It should also have some proposals for what offsets could be made to free up additional funds for the Trust Fund. The Board members may even consider showing their unwavering commitment by pledging a portion of their Departments' budgets to the fund the Trust Fund.

The second issue is **gaining the support of the Executive Branch** for reinvigorating and enhancing the prestige of service to the nation to help overcome the crisis of competence in government. The General Accounting Office has already identified "Strategic Human Capital Management" as a high-risk challenge and OMB has also acknowledged this as an area in critical need of improvement. This has caused a great deal of attention to be focused on how to ensure that the government has the quality workforce it needs (the right people in the right places with the right skills) to operate effectively and efficiently.

The third issue, **obtaining Congressional approval**, could prove to be more difficult since partisan politics plays more of a role. The chair of the National Security Education Board—the Secretary of Defense—and other Administration representatives who will consult with Congress regarding the proposed expansion of the NSEA will have to ensure that they take into account concerns of both sides of the Congressional aisle. The Board should have a clear understanding of what it hopes to accomplish by expanding the Act (e.g., reduce recruiting costs, increase the pool of qualified applicants, reduce the time to fill vacant positions, lower the attrition rate) and be able to clearly articulate that vision to Congressional committee members and staffs through the chairman of the Board or other Board representatives.

The fourth issue is **assessing the effectiveness of the NSEA** in attracting qualified candidates to the federal national security workforce. As increased emphasis is placed on performance budgeting and accounting for results in the federal budget process, the Board should be prepared with a plan to assess the effectiveness of the expanded program in attracting and

retaining qualified candidates. This is one major reason why OPM should be included on an expanded Board and why it, or a qualified consultant, might be considered to conduct the assessment. Since the law already requires an annual report to Congress, the Board could use the annual reporting as an opportunity to share its assessment results.

The fifth issue is **dramatically improving the federal hiring process** to facilitate the hiring of NSEA recipients. Although there are some alternative methods for NSEP participants to enter government service,<sup>20</sup> it is still critical to improve the federal hiring process to remove as many potential barriers to government service as possible. Highly qualified scholarship and fellowship recipients should not be impeded from entering government service by slow and inefficient hiring processes. It is essential that these processes be fundamentally modernized along the lines of recommendations made in the Commission's report.<sup>21</sup>

### C. Summary Table

The following table provides a review of the specific issues and suggested approaches to resolving them.

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<sup>20</sup> NSEP has collaborated with OPM to develop an Internet-based system called NSEP-NET that connects NSEP participants directly to potential federal employers. Federal HR managers can search the NSEP-NET database of participant resumes for specific types of expertise. In addition, NSEP has obtained a blanket excepted appointment hiring authority for all of its award recipients, allowing federal agencies to hire award recipients without regard to any other hiring restrictions (except they must have a position and funds to pay a salary). The downside is that these are not career positions, they are four-year term positions.

<sup>21</sup> See recommendations throughout the chapter "Human Requirements for National Security" in *Road Map*, pp. 87-110.

<b>Issue</b>	<b>Approach</b>
1. Obtain additional funding	<ul style="list-style-type: none"> <li>• Have a compelling "story" to justify the need for additional funds</li> <li>• Clearly outline the significant benefits that the additional funds will achieve</li> <li>• Be prepared with proposals for what offsets could be made to free up additional funds for the Trust Fund</li> <li>• Consider showing unwavering commitment by pledging a portion of the Department budget for each Board member to the fund the Trust Fund</li> </ul>
2. Gain the support of the Executive Branch	<ul style="list-style-type: none"> <li>• Build on the OMB and GAO finding that there is currently a human capital crisis in the federal government</li> <li>• Clearly outline how the expanded NSEA will help to address the human capital crisis</li> </ul>
3. Obtain Congressional approval	<ul style="list-style-type: none"> <li>• Consult with and address the concerns of both major parties</li> <li>• Clearly articulate the expected benefits of an expanded NSEA</li> </ul>
4. Assess the effectiveness of the NSEA in attracting qualified candidates to the federal national security workforce.	<ul style="list-style-type: none"> <li>• Conduct an assessment of the effectiveness of the NSEA</li> <li>• Implement a standard tracking mechanism for use by all participating departments or agencies</li> <li>• Report successes and develop plans to overcome any disappointing results</li> </ul>
5. Modernize federal government hiring processes	<ul style="list-style-type: none"> <li>• Conduct assessment of current practices.</li> <li>• Report successes and develop overall plans to improve the processes.</li> <li>• Implement other Commission recommendations (see Civil Service and Foreign Service implementation plans).</li> </ul>

**Table 7. Summary of Issues and Approaches**

#### **IV. IMPLEMENTATION MEANS**

The Commission's recommendations will require amending the National Security Education Act. See Appendix B for draft amendment.

## **V. PERSONNEL IMPLICATIONS**

Minimal personnel implications were identified. The National Security Program Office may have a slightly larger oversight role as it acts for the Board in managing contracts for professional development design and delivery and program assessment. However, this should not be a significant increase and would require little or no increase in personnel.

## **VI. APPENDICES**

**APPENDIX A:  
IMPLEMENTATION BLUEPRINT MATRIX**

<b>INSTITUTIONAL REFORM</b>			
<b>National Security Education Act Recommendation</b>	<b>Implied Subtask</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
<b>I. Overall Recommendation:</b> Congress should significantly expand the National Security Education Act (NSEA) to include broad support for social sciences, humanities, and foreign languages in exchanges for military and civilian service to the nation.			
	1. Set objectives for expanded NSEA	Secretary of Defense, as chairperson of the Board, with Board Support	30 days
	2. Identify stakeholders who might help or hinder the process and develop a plan to engage those who support the change	National Security Education Board	30 days
	3. Draft amended National Security Education Act	Secretary of Defense, as chairperson of the Board, with Board support	45 days, concurrent with Task 2
	4. Consult with Congressional committee members and staffers	Secretary of Defense, as chairperson of the Board, and relevant stakeholders	60 days, concurrent with Task 2
	5. Prepare relevant documents (applications and other supporting materials)	National Security Education Board and its administrative agents	60 days after passage of amendment
	6. Develop a plan for communicating the change and the benefits of the program	National Security Education Board	60 days after passage of amendment
<b>Increase the subjects currently designated for study</b>	1. Review fields, geographic areas and languages of emphasis based on expanded program objectives	National Security Education Board	30 days after passage of amendment
<b>Offer one- to four-year scholarships good for study at qualified U.S. universities and colleges</b>	1. Review and modify scholarship award guidelines	National Security Education Board	45 days after passage of amendment
<b>The scholarship program should include a professional development element</b>	1. Identify appropriate types and lengths of professional development activities	National Security Education Board	60 days
	2. Design professional development activities	National Security Education Board, with support of the National Security Education Program Office	90 days after completion of Task 1
	3. Develop process to assess effectiveness of professional development activities	National Security Education Board, with support of the National Security Education Support Office	First assessment one year after implementation of professional development requirement

Recommendation	Implied Subtask	Responsibility	Implementation Timeline
<b>Provide further incentives for government service</b>	1. Determine funding requirements for expanding the NSEA to include a student loan repayment program and request an increase in the National Security Education Trust Fund	National Security Education Board, with support from NSEA administrative agents	During budget preparation process to include in President's budget request
	2. Establish criteria/qualifications for loan repayment eligibility	National Security Education Board, with support from administrative agents	60 days, concurrent with Task 1
	3. Establish loan repayment schedule and procedures	National Security Education Board, with support from administrative agents	60 days

**APPENDIX B:  
DRAFT LEGISLATIVE LANGUAGE**

## **Amendment to the National Security Education Act of 1991**

IN GENERAL- The National Security Education Act of 1991 is amended as follows—

REFERENCES- Any reference in this Act to scholarships, fellowships, and grants shall be considered to be a reference to scholarships, fellowships, grants, and loan repayments.

### SEC. 801. SHORT TITLE, FINDINGS, AND PURPOSES.

(a) in subsection (b), by amending subparagraph (7) to read as follows:

"(7) American colleges and universities must place new emphasis on improving the teaching in areas of discipline that are critical to the Nation's interest"

(b) in subsection (c), by amending subparagraph (2) to read as follows:

"(2) To increase the quantity, diversity, and quality of the teaching and learning of subjects in fields that are critical to the Nation's interest"

### SEC. 802. SCHOLARSHIP, FELLOWSHIP, AND GRANT PROGRAM is amended--

(a) in subsection (a)(1), by amending subparagraph (A) and (C) to read as follows:

"(A) awarding scholarships to undergraduate students and fellowships to graduate students who are United States citizens in order to enable students to pursue education in the United States in areas of discipline which will result in government service employment "

"(C) awarding grants to institutions of higher education to enable such institutions to establish, operate, or improve programs that include areas of discipline that are critical to the Nation's interest"

(b) in subsection (a)(1), subparagraph (B) is omitted

(c) in subsection (a)(1), by inserting subparagraph (D) and (E) to read as follows:

"(D) providing professional development instruction to scholarship and fellowship recipients to broaden knowledge in the area of government service"

"(E) repayment student loans held by a government service employee in a national security position"

(d) in subsection (a)(2), by amending subparagraphs (A), (B), and (C) to read as follows:

"(A) \_\_\_\_\_% of such amount for the awarding of scholarships pursuant to paragraph (1)(A)"

"(B) \_\_\_\_\_% of such amount for the awarding of fellowships pursuant to paragraph (1)(B)"

"(C) \_\_\_\_\_% of such amount for the awarding of grants pursuant to paragraph (1)(C)"

(e) in subsection (a)(2), by inserting subparagraph (D) and (E) to read as follows:

"(D) \_\_\_\_\_% of such amount for the professional development instruction pursuant to paragraph (1)(D)"

"(E) \_\_\_\_\_% of such amount for the repayment of student loans pursuant to paragraph (1)(D)"

SEC. 803. STUDENT LOAN REPAYMENTS is inserted following SEC. 802.--

(a)

(1) An employee shall be ineligible for benefits under this section if such employee occupies a position which -

- (A) is excepted from the competitive service because of its confidential, policy-determining, policy-making, or policy-advocating character; or
- (B) is not subject to subchapter III of this chapter.

(b)

(1) The head of an agency may, in order to recruit or retain highly qualified professional personnel, establish a program under which the agency may agree to repay (by direct payments on behalf of the employee) any student loan previously held by such employee.

(2) Payments under this section shall be made subject to such terms, limitations, or conditions as may be mutually agreed to by the agency and employee concerned.

(3) An employee selected to receive benefits under this section will receive a set percentage of loan amount reductions for each year the employee remains in government service based on the following scale-

- (A) 10% reduction in loan amounts for the 1<sup>st</sup> year of employment
- (B) 15% reduction in loan amounts for the 2<sup>nd</sup> year of employment
- (C) 20% reduction in loan amounts for the 3<sup>rd</sup> and 4<sup>th</sup> years of employment
- (D) 35 % reduction in loan amounts for the 5<sup>th</sup> year of employment

(4) Nothing in this section shall be considered to authorize an agency to pay any amount to reimburse an employee for any repayments made by such employee prior to the agency's entering into an agreement under this section with such employee.

(c)

(1) An employee selected to receive benefits under this section must agree in writing, before receiving any such benefit, that the employee will -

- (A) remain in the service of the agency for a period specified in the agreement, unless involuntarily separated; and
- (B) if separated involuntarily on account of misconduct, or voluntarily, before the end of the period specified in the agreement, repay to the Government the amount of any benefits received by such employee from that agency under this section.

(2) The payment agreed to under paragraph (1)(B) of this subsection may not be required of an employee who leaves the service of such employee's agency voluntarily to enter into the service of any other agency unless the head of the agency that authorized the benefits notifies the employee before the effective date of such employee's entrance into the service of the other agency that payment will be required under this subsection.

(3) If an employee who is involuntarily separated on account of misconduct or who (excluding any employee relieved of liability under paragraph (2) of this subsection) is voluntarily separated before completing the required period of service fails to repay the

amount agreed to under paragraph (1)(B) of this subsection, a sum equal to the amount outstanding is recoverable by the Government from the employee (or such employee's estate, if applicable) by -

(A) offset against accrued pay, compensation, amount of retirement credit, or other amount due the employee from the Government; and

(B) such other method as is provided by law for the recovery of amounts owing to the Government. The head of the agency concerned may waive, in whole or in part, a right of recovery under this subsection if it is shown that recovery would be against equity and good conscience or against the public interest.

(4) Any amount repaid by, or recovered from, an individual (or an estate) under this subsection shall be credited to the appropriation account from which the amount involved was originally paid. Any amount so credited shall be merged with other sums in such account and shall be available for the same purposes and period, and subject to the same limitations (if any), as the sums with which merged.

(d)

(1) An employee receiving benefits under this section from an agency shall be ineligible for continued benefits under this section from such agency if the employee -

(A) separates from such agency; or

(B) does not maintain an acceptable level of performance, as determined under standards and procedures which the agency head shall by regulation prescribe.

(e)

In selecting employees to receive benefits under this section, an agency shall, consistent with the merit system principles set forth in paragraphs (1) and (2) of section 2301(b) of Title 5 USC, take into consideration the need to maintain a balanced workforce in which women and members of racial and ethnic minority groups are appropriately represented in Government service.

(f)

Any benefit under this section shall be in addition to basic pay and any other form of compensation otherwise payable to the employee involved.

(g)

The Director of the Office of Personnel Management, after consultation with heads of a representative number and variety of agencies and any other consultation which the Director considers appropriate, shall prescribe regulations containing such standards and requirements as the Director considers necessary to provide for reasonable uniformity among programs under this section.

SEC. 803. NATIONAL SECURITY EDUCATION BOARD is amended--

(A) in subsection (b), by inserting (8), (9), and (10) to read as follows:

"(8) The Secretary of Treasury."

"(9) Director of the Office of Personnel Management."

"(10) Director of the Office of Management and Budget as an advisor to the National Security Education Board."

(B) subsection (d)(4)(A) is omitted

(C) in subsection (d), by inserting (6), (7), and (8) to read as follows:

"(6) Develop procedures for loan repayment process"

"(7) Provide professional development instruction requirements"

"(8) Establish a performance review mechanism to monitor the benefits of the program and evaluate cost and benefits of the program to be included in the annual report"

SEC. 804. NATIONAL SECURITY EDUCATION TRUST FUND is amended--

(A) in subsection (b), by inserting (B) and (C) to read as follows:

"(B) for student loan repayments in accordance with the provisions of this title; and"

"(C) for professional development instruction in accordance with the provisions of this title; and"

SEC. 806. ANNUAL REPORT is amended—

(A) subsection (b)(1) is omitted

(B) in subsection (b), by amending (5) to read as follows:

"(5) an analysis of the results of the program for the previous fiscal year, and cumulatively, to include, at a minimum-

(A) the percentage of individuals who received assistance under the program who subsequently became employees of the United States Government;

(B) in the case of individuals who did not subsequently become employees of the United States Government, an analysis of the reasons why they did not become employees and an explanation as to what use, if any, was made of the assistance by those recipients;

(C) the percentage of loan repayment recipients who separated from employment prior to the period specified in their agreement

(D) the uses made of grants to educational institutions

**Road Map for National Security  
Addendum on Implementation**



**Foreign Service Implementation Plan**

*Prepared for the U.S. Commission on National Security/21<sup>st</sup> Century*

## Executive Summary

The overall goal of the recommendation for the Foreign Service provided below is to enhance the effectiveness and motivation of the Foreign Service. The Commission believes a committed and motivated Foreign Service is critical to the success of the restructuring proposal for the State Department. Table 1 shows the Commission's recommendation for the Foreign Service.

<b>USCNS/21<sup>ST</sup> CENTURY RECOMMENDATIONS<sup>1</sup></b>
41. The President should order the overhauling of the Foreign Service system by revamping the examination process, dramatically improving the level of on-going professional education, and making leadership a core value of the State Department

**Table 1. Summary of Recommendations**

Recruitment is one of the Foreign Service's main concerns. It has an extraordinarily long hiring process that causes it to lose many good candidates between the time of first contact and the date on which a new hire enters service. The Commission would like to see this process streamlined, while maintaining its competitive nature, to facilitate efforts to attract and hire high quality candidates. The implementation plan addresses potential expansion of the Alternative Examination Program, use of computer-based testing, and investigation of other innovative approaches.

The Commission also recommended eliminating the blindfolding process for the oral exam. Starting with the March 2001 oral exams, applicants must provide information on their backgrounds during the individual portion of the oral exam. The implementation plan recommends an analysis of the outcome of this new approach.

The Commission cited lack of professional educational opportunities as a problem both for the quality of Foreign Service Officers (FSOs) who stay and as a reason for those who leave. This implementation plan outlines a process for evaluating the relevance of current educational offerings, determining what types of offerings should be added, and addresses the Commission's recommendation for a ten to fifteen percent training float to allow FSOs to take advantage of training opportunities. In addition, the plan addresses the need to change the organizational culture and place more value on professional development.

The implementation action dealing with the Commission's recommendation to make leadership a core value of the State Department addresses the need to define clearly leadership in the Foreign Service context and identify core leadership competencies. It stresses the importance of holding individuals accountable for "living" the leadership core values with suggestions on how that can be accomplished.

Changing the name of the Foreign Service to the U.S. Diplomatic Service can be accomplished through legislation. Draft legislative language is provided in Appendix B.

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<sup>1</sup> Recommendations addressed in this implementation plan are extracted from *Road Map for National Security: Imperative for Change*, the U.S. Commission on National Security/21<sup>st</sup> Century (USCNS/21)'s Phase III report, posted on January 31, 2001 at [www.nssg.gov](http://www.nssg.gov), and published on March 15, 2001. All references are based on the published version. (Hereafter cited as *Road Map*.)

Two overarching issues that could be stumbling blocks to successful implementation of these recommendations are resistance to change—the recommendations reflect a significant organizational culture change along with some process changes—and obtaining a budget increase to support the recommended training float. These and other potential challenges are addressed in Section III of this document.

# Implementation Plan: Foreign Service

## I. READER'S GUIDE

This reader's guide provides a brief introduction to the content and layout of the Foreign Service implementation plan. The guide first provides a brief contextual background that will aid the reader in understanding the content of this document; it then addresses the scope of the implementation plan; and finally it outlines the layout for the rest of this document.

### A. Background

The Secretary of Defense's charter that created the United States Commission on National Security/21<sup>st</sup> Century (USCNS/21) directed the Commission to include implementation concepts for its recommendations as part of its final report.<sup>2</sup> This document provides those concepts for the Commission's recommendations pertaining to the Foreign Service.

In its institutional reform chapter, the Commission found that the proliferation of international activities by other agencies and internal weaknesses have eroded the State Department's effectiveness at some core functions. This has seriously weakened the State Department and its mission. The Commission recommended a significant restructuring of the State Department, addressed in a separate Implementation Plan. The Commission concluded that changes in the Foreign Service, to make it more effective and motivating, were critical to the success of the recommended State Department restructuring. In addition, in an effort to bolster the external reputation of the Service, the Commission recommended changing the name to the U.S. Diplomatic Service. This change, it is hoped, will serve as a reminder that this group of people does not serve the interests of foreign governments but rather is a key part of ensuring U.S. national security.

### B. Scope of Implementation Plan

This plan will identify steps to be taken to implement the recommendations offered by the Commission and guide the reader in understanding the implications of the recommendations. The plan will also highlight issues raised by the recommendations, including challenges in implementing them, and provide options to facilitate implementation. Throughout the plan, tables will be used to simplify presentation and format will remain the same for each recommendation to facilitate comparisons.

The Commission's final report, *Road Map for National Security: Imperative for Change*, contains one broad scope recommendation for overhauling the Foreign Service.<sup>3</sup> This broad recommendation includes modifying the examination process, streamlining the hiring process, improving on-going professional education opportunities, inculcating leadership as a core value within the State Department, and changing the name of the Foreign Service to the U.S. Diplomatic Service.

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<sup>2</sup> USCNS/21 Charter, July 1998 is contained in Appendix 2 of *Road Map*.

<sup>3</sup> *Road Map* also contains a synopsis of the findings contained in earlier Commission reports.

The Commission's recommendations represent significant changes for the Foreign Service, changes that may not come easily. These changes will require new processes and a new mindset—a change in the organizational culture. The Commission's recommendations are likely to be met with resistance by those who intellectually disagree with the recommended changes and by those who just do not like change. Knowing this, there are actions that can be taken to minimize resistance and reinforce the desired new behaviors. Section III below presents more detail on the resistance that could arise and the opportunities available to address these issues and reinforce the "new" way of doing business.

### **C. Implementation Plan Layout**

Section II of this plan provides a blueprint for implementing the Commission's recommendations pertaining to the Foreign Service. This section suggests actions that could be taken to achieve the objectives laid out in the recommendations: revamp the Foreign Service examination process, improve the on-going professional education opportunities, make leadership a core value of the State Department, and change the name of the Foreign Service to the U.S. Diplomatic Service. It also identifies responsibility and provides a notional timeline for each action. Appendix A includes a matrix summarizing the information in this section.

Section III describes issues, challenges, and opportunities raised by the recommendations and presents potential courses of action to address them.

Section IV describes means by which the recommendations can be implemented, including legislative action and policy guidance. Draft language for necessary legislative actions to implement these recommendations is included in Appendix B.

Most of the recommendations for the Foreign Service can be implemented without legislative changes or executive orders. However, it will take significant senior-level commitment within the State Department for the recommended changes to be implemented successfully. The biggest challenges to successful implementation are gaining the buy-in and active support of the Department's senior leadership, addressing resistance among the "rank and file" within the Foreign Service, and obtaining increased funding. It will be important to communicate effectively throughout the implementation process, not only what changes are occurring but also why. During the implementation process the Foreign Service should look for opportunities to involve employees and the American Foreign Service Association; this will help them feel a part of what is going on and gain a sense of ownership.

Section V explains that implications of personnel changes are interwoven with and addressed in previous sections.

Section VI contains the appendices.

## II. IMPLEMENTATION BLUEPRINTS

This implementation plan highlights issues and requirements raised by Commission recommendations, and provides options that, if adopted, will facilitate implementation of those recommendations. The plan identifies general responsibilities for actions and provides draft implementation language. It also identifies reasonable timelines for actions and arranges actions in sequence. Throughout the plan, tables are used to simplify presentation and format remains the same for each recommendation to facilitate comparisons.

### A. Overhaul the Foreign Service

***Recommendation 41: The President should order the overhauling of the Foreign Service system by revamping the examination process, dramatically improving the level of on-going professional education, and making leadership a core value of the State Department.***

**1. Background.** The Commission determined that an effective and motivated Foreign Service is critical to the success of the Commission's recommendations for restructuring the State Department. Its recommendation regarding the Foreign Service aims to make the Service more effective and motivated. The rationale behind the recommendation is that, according to many close observers, the Foreign Service no longer attracts and retains the quality of people needed to meet the diplomatic challenges of the 21<sup>st</sup> century.

A sampling of the problems facing the Foreign Service include a slow recruiting and hiring process that loses many applicants to other jobs before they can enter service and increasing opportunities in the private sector that pay better and are easier on families. These, and other issues, led the Commission to recommend an overhaul of the Foreign Service system.

**2. Implementation Blueprint.** The following section includes a series of tables, one for each sub-recommendation. These tables outline the steps necessary to implement the sub-recommendations, the organization responsible for each action, and a notional implementation timeline for each action. Each table is followed by a narrative description of the actions necessary to implement each sub-recommendation.

### B. Revamp the Examination Process—Shorten the Hiring Process

***Shorten the hiring process dramatically without compromising the competitiveness of the system.***

**1. Background.** The Foreign Service is faced with significant recruiting challenges. There are 25 percent fewer people taking the entrance exam than in the mid-1980s. The extraordinarily long lag time between taking the exam and the first day of work is a deterrent to many applicants. During that time, applicants are likely investigating other career opportunities and many are not willing to wait up to two years when they have other offers that will allow them to start within a few weeks of their initial contact. In today's fast moving information age, the Foreign Service's time lag is not well tolerated. Shortening the hiring process is one step in making the Foreign Service more competitive in the war for talent.

## 2. Recommended Blueprint

Actions	Responsibility	Implementation Timeline
1. Evaluate success of the Alternative Examination Program (AEP)	Director General of the Foreign Service	2 months
2. If AEP is deemed a success, determine the types of applicants that could effectively be screened through the AEP versus the traditional written exam	Director General of the Foreign Service	2 months after completion of previous task
3. Define criteria for AEP eligibility	Board of Examiners for the Foreign Service	2 months after completion of previous task
4. Write policy guidance expanding AEP availability to all relevant applicants	Director General of the Foreign Service	1 month after completion of previous task
5. Develop computer-based written exam	Director General of the Foreign Service	3 months (concurrent with first task)
6. Ensure delivery and security mechanisms are in place for computer-based exam	Director General of the Foreign Service	4 months starting concurrently with previous task
7. Test computer-based exam for one exam cycle	Board of Examiners for the Foreign Service	First exam offering in 2002
8. Evaluate feasibility of letting applicants sit for exam at different times throughout the year	Director General of the Foreign Service	4 months (concurrent with tasks 1 and 5)
9. Conduct a best practices analysis to evaluate the possibility of adapting other innovative streamlined hiring approaches for use in the State Department	Director General of the Foreign Service	3 months
10. If promising alternatives are found in the study in the above step, charter a team(s) to tailor for Foreign Service	Director General of the Foreign Service	1 month after final report from previous action

**Table 2. Steps to Revamping the Examination Process**

Shortening the exam part of the hiring process involves several steps. The logical first step is to evaluate the effectiveness of the Alternative Examination Program (AEP)<sup>4</sup>. If it is deemed to be successful, the Foreign Service should expand its use of the AEP.<sup>5</sup> If the program is expanded beyond government employees, the Board of Examiners will need to determine the criteria for AEP eligibility. The criteria definition should be undertaken with care to ensure that there is a link between the criteria and successful job performance. The Board of Examiners should then write new policy guidance for approval by the Director General of the Foreign Service. These activities should be accomplished within seven months.

<sup>4</sup> The AEP is a skills-based test consisting of 12 essays and two questionnaires. Eligibility is currently limited to Federal Government employees, eligible veterans, and individuals with status or non-competitive eligibility. Peace Corps Volunteers, Fascell and National Security Educational Program (NSEP) Fellows and Presidential Management Interns (PMIs) are also eligible to apply.

<sup>5</sup> The vacancy announcement (the method of alerting government employees of the AEP) with an opening date of May 17, 1999 indicated that the AEP is a pilot but that "the Department of State plans, in future, to open it to all applicants".

Concurrent with the AEP evaluation, the Foreign Service should also work to develop a cost-effective computer-based version of the written exam. Test development and testing should take no more than three months, assuming that the task is essentially translating the paper version to computer and not a major exam redesign. The State Department also will need to assure that the proper delivery and security procedures and mechanisms are in place. While development is underway, the Department could draft the policies and procedures that will govern computer-based test administration. The timeline allows for an additional month after test development to develop and implement policies and procedures. Much of this work can be conducted concurrently with test development.

The Board of Examiners should also assess the feasibility of allowing applicants to sit for the exam at different times throughout the year. The Board has approval and funding for two test administration dates this coming year, as opposed to the one per year that has been offered historically. Considerations in the feasibility assessment would include, at a minimum: a cost benefit analysis; how to maintain the integrity of the exam (for example the exam would probably have to be proctored to assure that the named individual is indeed the one taking the exam and that reference materials are not being used); and the ability to arrange for test locations, equipment and proctors on an ongoing basis.

A best practice analysis should be conducted to assess the potential of adapting other innovative hiring strategies for use in the Foreign Service. This study could be accomplished most effectively with the assistance of an outside contractor that already has familiarity with best practice hiring strategies and the Office of Personnel Management, which has knowledge of innovative practices within the federal government. The timeline allows three months for completion of the best practice analysis—this includes study design, data collection and analysis. If best practices are found that could be adapted to streamline the hiring process for the Foreign Service, the State Department should charter a team(s) to do further analysis and to adapt and tailor relevant processes for the Foreign Service.

The team should include a representative from the Board of Examiners, a representative from the Bureau of Human Resources that deals with recruitment, and representatives from various levels and cones within the Foreign Service as well as a representative from the American Foreign Service Association. A team of six to eight people should be able to do the job. The team may want to have a consultant to help it efficiently and effectively accomplish its objective. The team should provide detailed action plans for specific steps to shorten the hiring process without compromising the competitiveness of the system. These recommendations should be provided to the Director General of the Foreign Service. The Director General, or a designee, should be available throughout the team's existence to serve as the team sponsor, provide general guidance and act as a sounding board.

Since the desired outcome is to shorten the hiring process, the Foreign Service should consider addressing the issue holistically, by reviewing the process from initial contact through first day of work. An integrated approach that considers the interrelationships among all parts of the process may be more effective in shortening it than simply focusing on the exam. The charter to the team working this issue (probably a mix of Foreign Service representatives and outside experts) would be to streamline the hiring process without compromising the competitiveness of the system or the quality of successful candidates.

**3. Process Implications.** Expanding use of the AEP would change the process for evaluating exams. The current written exam is a combination of multiple choice and essay questions. However, the essay is only scored if the candidate passes the multiple choice section. The AEP is in essay format requiring examiners to read and evaluate all submissions. In addition, the AEP does not require on-site administration. Individuals can complete the AEP at their leisure as long as they meet the submission deadline.

Switching over to a computer-based written exam, or even adding it as an option, will again have implications for the testing process. A different type of testing facility would be required, a computer lab versus desks or tables.

**4. Personnel Implications.** The focus of this entire implementation plan is personnel and therefore personnel implications are interwoven throughout this report.

**5. Issues.** If AEP eligibility is expanded significantly it could prove to be more time intensive and require additional examiners to read and score all the essays. In addition, there could be resistance to any change in the examination process by those who view the current process as successful in selecting in high quality candidates. Cost could also be a barrier to some changes. Developing and administering a computer-based test will take investment and securing a computer lab for test administration could be harder and more expensive than securing a location with tables or desks.

### **C. Revamp the Examination Process—Discontinue the Oral Exam Blindfolding**

*Discontinue the oral exam's blindfolding process.*

**1. Background.** The Foreign Service, like all other organizations, wants to hire the best qualified applicants, with relevant knowledge and experience. The Commission found that the oral exam, as historically administered, did not support the goal of attracting and hiring those with the range of knowledge and skills necessary for an effective 21<sup>st</sup> century Foreign Service. The blindfolding policy, which does not allow the examiners access to any background information about the applicant, damaged the effectiveness of the exam process by excluding consideration of applicants' professional and other relevant experiences.

The Foreign Service has just initiated actions to eliminate blindfolding for part of the oral exam. The morning group exercise will still be conducted blind; however, the individual oral exercises no longer will be. Each candidate must bring to the oral exam a completed application form and a Statement of Interest. As a part of the individual exercises, the candidate must respond to questions about his or her experience and motivation for a Foreign Service career. This new process is being used with candidates for the first time in March 2001.

## 2. Recommended Blueprint

Actions	Responsibility	Implementation Timeline
1. Assess impact of unblindfolding the individual portion of the oral exam. Develop report for Director General of the Foreign Service.	Board of Examiners for the Foreign Service	March 2002 1 year from initial implementation
2. Assess whether blindfolding should be eliminated from group exercise.	Director General of the Foreign Service	Same as previous task

**Table 3. Assessment of the Blindfolding Process**

Since the Foreign Service has already taken steps to discontinue blindfolding for part of the exam process, the recommended actions are to evaluate the impact of this change and assess the benefit of completely eliminating the blindfolding procedure. One year is recommended for the assessment timeframe to allow for a significant sample size. The Board of Examiners, in coordination with Bureau of Human Resources, should complete the assessment and present the results to the Director General of the Foreign Service.

**3. Process Implications.** There are no immediate process implications. However, if the assessment indicates that the entire oral exam should be unblindfolded, there will be some changes in the process for administering the oral exam.

**4. Personnel Implications.** The focus of this entire implementation plan is personnel and therefore personnel implications are interwoven throughout this report.

**5. Issues.** There are no significant issues associated with this recommendation.

## D. Dramatically Improve the Level of On-going Professional Education

*Dramatically improve the level of on-going professional education.*

**1. Background.** The Commission points out that a successful Foreign Service requires officers who consistently build new knowledge and skills. Foreign Service employees, with the important role they play in national security, should be at the leading edge in policy and management skills. Current on-going professional education is focused mainly on language training. Although other professional education opportunities exist through the Foreign Service Institute (FSI),<sup>6</sup> there is no incentive, and minimal opportunity, to take advantage of these offerings. The Foreign Service could benefit in many ways (for example, higher quality staff, improved retention, greater draw for recruiting) from increasing employees' ability to take advantage of professional education opportunities, and ensuring that professional education opportunities are of the highest quality. Professional education should challenge the best and brightest within the Service and prepare them to develop and implement U.S. foreign policy.

<sup>6</sup> FSI's programs include courses in administrative, consular, economic/commercial, political, public diplomacy and information management fields; leadership and management development; crisis management training; study of the world's major regions and countries; and 60 languages.

## 2. Recommended Blueprint

Actions	Responsibility	Implementation Timeline
1. Establish a working group to review on-going professional education and training curricula	Director of the Foreign Service Institute	2.5 months
2. Identify mandatory courses in functional topics, languages, leadership and management, and possible new offerings	Director of Human Resources	1.5 months after completion of previous task
3. Define training milestones that must be met for promotion or advancement to supervisory positions	Director of Human Resources	Concurrent with previous task
4. Develop structure for rotating personnel through professional development effectively with minimal negative impact on mission	Director of Human Resources	2 months after completion of previous task
5. Determine ideal levels and cones for the 10-15 percent additional personnel (allowing for that proportion of the overall service to be in training at any given time)	Director of Human Resources	Concurrent with previous task
6. Validate exact budget increase necessary to support professional development float	Director of Human Resources	1 month after completion of previous task
7. Develop business case for increased budget and staffing request	Director General of the Foreign Service/Director of Human Resources	1 month after completion of previous task
8. Consider alternative training delivery methods (correspondence, internet, additional partnerships with universities or other educational institutions)	Director of the Foreign Service Institute	Provide recommendations 4 months after completion of task 1
9. Develop plan for communicating changes to employees	Director of Human Resources and Director of the Foreign Service Institute	Ongoing throughout the process

**Table 4. Improvement of On-going Professional Education**

The first step in increasing the level of on-going professional education is to review current professional development offerings and determine if any changes are needed. This should be done by a team including, at a minimum, representatives from the Foreign Service Institute and the Bureau of Human Resources. It would be a good idea also to include a few employees from different cones and levels on the team. The timeline allows four months for the first iteration of this study. To be effective, this review should include a survey of, and/or focus groups with, Foreign Service Officers (FSOs) at all levels to gain a better understanding of current and anticipated training needs to ensure that they are well equipped to serve our national security. If the consolidation of the U.S. Agency for International Development (AID) and the State Department recommended by the Commission goes forward, the team should consider

whether any special professional education needs will be required as a result of this merger.<sup>7</sup> This analysis of professional development needs should not be a one time event. A process for regularly evaluating these needs should be established to ensure that Foreign Service personnel are provided with leading edge educational opportunities. This regular assessment should be a joint process between FSI and the Bureau of Human Resources.

After making recommendations on the professional education curricula, the team should identify what professional education should be mandatory for all, or a certain subset of, employees. This should include consideration of, and recommendations for, any training milestones that would be required for promotion or advancement to supervisory positions.

Once mandatory courses and milestones have been established, the Bureau of Human Resources should identify the cones and levels that would allow for the most effective use of the recommended ten to fifteen percent training float. This would provide a target toward which to work. For example, if a specific six month course was required for every mid-level FSO in the economic cone, it would be important to have the right kind of staff to cover key positions while others were in training.

If the consolidation of U.S.AID and the State Department occurs, it could result in the elimination of some duplicate functions performed in both organizations.<sup>8</sup> These "excess" positions could potentially be the beginning of the float. However, any increase in positions beyond the current complement would require a budget increase, unless offsetting efficiencies are achieved elsewhere. The Bureau of Human Resources should validate the necessary budget increase to support the float<sup>9</sup> and develop a business case supporting the float request. The State Department will need to develop and submit an increased budget with justification; a strong business case will help "sell" the request.

The Bureau of Human Resources will also need to develop a policy and structure for rotating personnel through training in a way that maximizes the benefits and minimizes the negative impact on the mission.

In an effort to facilitate access to professional education opportunities, the Director of the Foreign Service Institute should charter a team to consider the potential for employing alternative delivery methods such as the internet, correspondence courses, or additional partnerships with universities or other educational institutions. At a minimum this study should include a cost-benefit analysis and also consider the ability to maintain a high standard of quality for professional education opportunities for Foreign Service officers.

Finally, this magnitude of change will have a significant impact on personnel and it will be important to educate employees on new professional education opportunities and requirements. The Bureau of Human Resources and FSI should work together to develop and implement a comprehensive communication plan.

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<sup>7</sup> See recommendation 20 in the Commission's Phase III Report: *Road Map*.

<sup>8</sup> See recommendations in Department of State Implementation Plan.

<sup>9</sup> *In Diplomatic Readiness: The Human Resources Strategy*, the Bureau of Human Resources identifies the number of positions (466) and cost (\$48.4 million) for adding positions to cover non-language training needs including increased emphasis on leadership and management development.

**3. Process Implications.** The main process impact will be figuring out how to rotate FSOs through professional education effectively so that they get the training they require in a timely manner without having an adverse impact on the organization's mission. If alternative professional education delivery methods are considered viable and eventually are implemented, there will be significant implications for the training process.

**4. Personnel Implications.** The focus of this entire implementation plan is personnel and therefore personnel implications are interwoven throughout this report.

**5. Issues.** The two biggest issues associated with this recommendation are procuring an increased budget to cover the recommended ten to fifteen percent training float and changing the perception of the importance of ongoing professional development within the Foreign Service.

## **E. Make Leadership a Core Value of the State Department**

*Make leadership a core value of the State Department.*

**1. Background.** The Commission determined that currently there is a lack of focus on leadership and management at the State Department, which results in a lack of these capabilities throughout the organization. The changes the Commission has recommended for the State Department can only be achieved with strong senior leadership. Congress is more likely to fund necessary programs and policies if it is confident of strong departmental leadership and management from the Secretary of State on down. In addition, research has shown that leadership is a key component of employee commitment and retention. Improved leadership and management will help with retention efforts and also improve the Foreign Service's contribution to the overall mission of national security.

## 2. Recommended Blueprint

Actions	Responsibility	Implementation Timeline
1. Define leadership in Foreign Service context	Director General of the Foreign Service	2 months
2. Review and validate leadership competencies	Director of Human Resources	3 months after completion of previous task
3. Develop evaluation criteria guidelines for selection of senior State Department officials	Director of Human Resources	1 month after completion of previous task
4. Write policy requiring use of evaluation criteria in selecting senior State Department officials for career positions	Director of Human Resources	2 weeks after acceptance of previous task outcome
5. Share evaluation criteria with President and encourage their use in selecting Presidential appointees	Secretary of State	1 month after acceptance of evaluation criteria
6. Ensure that performance evaluation system holds individuals accountable for living the leadership values	Director of Human Resources	Begin analysis after acceptance of second task
6. Ensure that recognition and promotion systems recognize and reinforce the importance of leadership	Director of Human Resources	Begin analysis after acceptance of second task
8. Develop plan for communicating changes to employees	Director of Human Resources	Begin upon acceptance of first task

**Table 5. Making Leadership a Core Value**

The first step in increasing the focus on leadership is to define leadership in a context that is meaningful for the Foreign Service. The Director General of the Foreign Service should charter a team to address this issue. The next step would be to review and validate the existing leadership competencies.<sup>10</sup> The existing competencies are those identified by the office of Personnel Management (OPM) as essential to successful leadership in the Federal Sector. The Foreign Service should validate that these are the leadership competencies that are essential for successful State Department leaders and Foreign Service Officers. They should identify the few core leadership competencies that differentiate outstanding leaders within the State Department and Foreign Service. Once these competencies have been identified, they should be used as a key evaluation tool in selecting individuals for leadership positions within the Foreign Service and more broadly within the State Department. The Bureau of Human Resources should develop evaluation criteria, incorporating the leadership competencies, for selection of all senior State Department officials and prepare policy guidelines so candidates are consistently evaluated against these criteria. The Secretary of State should share these guidelines with the President and encourage their use when selecting presidential appointees. Presidential appointees are a key part of the leadership team within the State Department; if leadership is to become a core value, it must be embraced by these senior leaders.

For leadership to become a core value, individuals must be held accountable for "living" those values. This means they should be incorporated into the performance management system

<sup>10</sup> The current leadership competencies are outlined in *Leadership Competencies: A Road Map to Leadership Development*, Department of State Publication 10601.

and the promotion and employee recognition systems should recognize and reinforce the importance of leadership as a core value of the Foreign Service and the State Department. Accountability is key to effective implementation. The Director of Human Resources should authorize a project to incorporate formally the core leadership competencies as a part of the performance evaluation system and to investigate other creative means of reinforcing the critical importance of leadership and recognizing outstanding leaders.

A change of this nature must be effectively communicated throughout the Service providing a clear definition of what effective leadership is, describing any changes in the promotion, recognition or performance evaluation systems, and employing multiple methods of communication to ensure everyone has a chance to get the message. One of the strongest messages that can be sent to employees is seeing senior leaders model the desired behaviors.

**3. Process Implications.** Implementing the recommendation could impact the process for selecting senior State Department officials, including Presidential appointees. In addition, a new or revised performance evaluation system and process may be required to hold individuals accountable for living the leadership core values.

**4. Personnel Implications.** The focus of this entire implementation plan is personnel and therefore personnel implications are interwoven throughout this report.

**5. Issues.** Embracing leadership as a core value goes to the very heart of the organizational culture. Changing an organization's culture takes time, and this is a change that requires the full support of senior leadership.

**F. Change the Foreign Service's Name to the U.S. Diplomatic Service**

*Change the Foreign Service's name to the U.S. Diplomatic Service.*

**1. Background.** The Commission recommended changing the name of the Foreign Service to the U.S. Diplomatic Service in an effort to reinforce the reality that this group of people serves U.S. interests and national security—not the interests of foreign states.

**2. Recommended Blueprint**

Action	Responsibility	Implementation Timeline
1. Draft legislation changing the Foreign Service's name to the U.S. Diplomatic Service	Director General of the Foreign Service	1 month
2. Sell the name change to Congress	Director General of the Foreign Service	Concurrent with previous task

**Table 6. Changing the Foreign Service Name**

Changing the name of the Foreign Service will require legislation (See Appendix B) to redesignate the Foreign Service within the Department of State as the U.S. Diplomatic Service. The State Department could initiate Congressional action by drafting a legislative proposal with which to begin consultations on Capitol Hill, or it could request that the Congressional committees of jurisdiction include this change in the next authorization act. The Director

General of the Foreign Service should make significant efforts to educate members of Congress and key Congressional committee staff members about the benefits of the name change to facilitate their support.

**3. Process Implications.** No significant process implications were identified.

**4. Personnel Implications.** The focus of this entire implementation plan is personnel and therefore personnel implications are interwoven throughout this report.

**5. Issues.** The main issues that could impact implementation of this recommendation are the potential resistance to a name change or disagreement over the new name.

### III. ISSUES, OPPORTUNITIES, CHALLENGES

#### A. General Description

The two overarching issues raised by the recommendations outlined above are overcoming resistance to major cultural change and obtaining needed budget increases. If the recommendations to improve the level of on-going professional education and to institute a training float are implemented, they could significantly impact the Foreign Service Institute, possibly requiring a larger staff and a larger budget to support additional educational opportunities.

The Foreign Service has the opportunity, with effective implementation of the recommendations: to become a more attractive employer, better able to attract and retain the right kinds of people; and more importantly, to more effectively fulfill its role in developing and implementing U.S. foreign policy.

#### B. Issues and Suggested Approaches

The following sections outline, by major sub-recommendation, the issues and suggested approaches for mitigating their negative impact.

**1. Revamp the Examination Process.** Revamping the examination process and subsequently shortening the hiring process would prove to be advantageous for the Foreign Service in attracting highly skilled and qualified candidates. Currently, the Service is losing solid candidates due to the time it takes to complete the entire hiring process. The AEP has the potential both to screen applicants effectively and to reduce the current lengthy hiring process.

Expanding the AEP could meet with resistance from those who came in through the old system and may question the rigor of anything different. If AEP eligibility is limited to certain types of applicants, it is more likely to be challenged as being discriminatory in some way. If eligibility is limited, the Board of Examiners should work with the Bureau of Human Resources and the Director General of the Foreign Service to ensure that they have legally defensible criteria for eligibility. In order to minimize misunderstandings, policies regarding use of the AEP should be clearly communicated to potential applicants and employees. A communication plan and strategy should be developed to ensure that such individuals understand and are held accountable for using the new process.

Developing and offering a computer-based written exam may require additional funding and locating computer labs for test administration. It also may cause resistance. Modern technology should make it fairly easy to computerize the written exam and assure security. However, changing a long accepted practice often is not easy. If these changes were instituted, the Foreign Service would need to communicate the new process within and outside the Service. It also should assist current Foreign Service employees in understanding the reasons for the change and how it would benefit the Service.

**2. Dramatically Improve the Level of On-going Professional Education.** Improving the level of on-going professional education presents many potential challenges, not the least of which is procuring an increased budget. Convincing the President and Congress that there is a real need for a training float and that scarce budgetary resources should be used to create this

float could be a daunting task. In fact, the Department has tried unsuccessfully to obtain a training float in the past.<sup>11</sup> Developing a solid business case for the training float will help in making the case for the additional funding. The Secretary of State should actively engage the Bureau of Legislative Affairs in selling this idea to key members of Congress and their staffs. The Department could then address major concerns before presenting a formal request—thus maximizing the probability of success. The Secretary of State and the Director of the Foreign Service should be ready to appear on Capitol Hill to justify the budget request.

Another significant barrier is the current perception of training within the Foreign Service. Many senior level Foreign Service officers are proud that the only professional education they have had, since initial orientation, is in foreign languages.<sup>12</sup> Senior leaders will need to be supportive of professional development opportunities and be willing to send their best people. If some courses are mandatory and there is a professional development float, managers will be more willing to let people go, confident that they can fill the vacated position. If employees return from training and are able to demonstrate that the training makes them a better employee, senior leaders should become more supportive.

If the FSI is not already doing so, it should institute a training assessment process that evaluates the "real world" relevance and applicability of its training for FSOs. If training is to be embraced as a valuable part of the culture, the courses will need to have "real world" applicability, producing employees who are better equipped for their jobs as a result of attending training.

**3. Make Leadership a Core Value of the State Department.** The main challenges in making leadership a core value of the State Department are the impact it would have on the culture of the Department and ensuring that competencies in leadership are a significant consideration in selecting senior leaders, including Presidential appointees. This is an initiative that will have to start at the top and trickle down. If senior leadership does not endorse the change, it will not occur. In order to facilitate senior leadership buy-in, the Department should involve senior leaders in defining the core leadership and management competencies required of them.

Furthermore, unless senior leaders are held accountable for "living" the leadership core values, these values most likely will not become ingrained in the culture. The assessment process for senior leaders may need to include a 360 degree review process to gather sufficient input from multiple sources on the effective demonstration of leadership core values.

If the performance management system is modified, a significant investment in training and communication will be required. All employees will need to understand clearly the new system and what it means for them personally.

**4. Change the Foreign Service's Name to the U.S. Diplomatic Service.** The main problems that might arise with changing the name of the Foreign Service to the U.S. Diplomatic Service are resistance from member of Congress to changing the Service's name or disagreement over the new name. The Director General of the Foreign Service and State Department

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<sup>11</sup> *Developing Diplomats for 2010: If Not Now, When?* By Stephanie Smith Kinney. This document can be found at <http://www.unc.edu/depts/diplomat>.

<sup>12</sup> *Developing Diplomats for 2010: If Not Now, When?*

representatives should work closely with the committees of jurisdiction, the Senate Foreign Relations Committee and the House International Relations Committee, to facilitate the process and ensure that the reasons for the requested name change are clearly understood.

### C. Summary Table

The following table provides a review of the specific issues and suggested approaches to resolving them.

<b>Issue</b>	<b>Approach</b>
1. Resistance to change of any kind	<ul style="list-style-type: none"> <li>• Develop an internal communication strategy that communicates the changes including: reason, timing, benefits, and expectations. Communicate consistently and often.</li> <li>• Involve employees and the American Foreign Service Association in designing and implementing the changes.</li> </ul>
2. Obtain a budget increase to support the training float	<ul style="list-style-type: none"> <li>• Develop a business case and strong budget justification and aggressively educate OMB and Congressional committee members on the need for the training float and thus the budget increase.</li> </ul>
3. Position professional education, other than language training, as value-added	<ul style="list-style-type: none"> <li>• Ensure that professional education has "real world applicability."</li> <li>• Regularly assess the relevance of course offerings.</li> <li>• Assess effectiveness of professional education.</li> </ul>
4. Make leadership a core value	<ul style="list-style-type: none"> <li>• Clearly define leadership in the context of the Foreign Service.</li> <li>• Clearly define and communicate core leadership competencies.</li> <li>• Include leadership competency as a key factor in evaluating individuals for senior leadership positions.</li> <li>• Hold individuals accountable for living the leadership core values.</li> </ul>
5. Potential resistance from members of the Congressional Committees of jurisdiction to changing the name of the Foreign Service	<ul style="list-style-type: none"> <li>• Educate committee Members and staff as to the reasons for the name change.</li> </ul>

**Table 7. Summary of Issues and Approaches**

#### **IV. IMPLEMENTATION MEANS**

Most of the Commission's recommendations can be implemented without legislative action or executive orders. The two exceptions are addressed below.

##### **A. Improve the Level of On-going Professional Education**

The recommendation to improve dramatically the level of on-going professional education will require an increased budget. Thus, the State Department will need to prepare a budget submission that accounts for the necessary budgetary increases.

##### **B. Change the Foreign Service's Name**

The recommendation to change the name of the Foreign Service requires legislation. See Appendix B for draft legislation.

## **V. PERSONNEL IMPLICATIONS**

The focus of this entire implementation plan is personnel and therefore personnel implications are interwoven throughout this report.

## **VI. APPENDICES**

**APPENDIX A:  
IMPLEMENTATION BLUEPRINT MATRIX**

<b>INSTITUTIONAL REFORM</b>			
<b>Foreign Service</b>			
<b>Recommendation</b>	<b>Implied Subtask</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
<b>I. Overall Recommendation:</b> Overhaul the Foreign Service system by <b>revamping the examination process, dramatically improving the level of on-going professional education, and making leadership a core value</b> of the State Department.			
<b>Shorten the Hiring Process Dramatically Without Compromising the Competitiveness of the System</b>	1. Evaluate success of the Alternative Examination Program (AEP)	Director General of the Foreign Service	2 months
	2. If AEP is deemed a success, determine the types of applicants that could effectively be screened through the AEP versus the traditional written exam	Director General of the Foreign Service	2 months after completion of previous task
	3. Define criteria for AEP eligibility	Board of Examiners for the Foreign Service	2 months after completion of previous task
	4. Write policy guidance expanding AEP availability to all relevant applicants	Director General of the Foreign Service	1 month after completion of previous task
	5. Develop computer-based written exam	Director General of the Foreign Service	3 months (concurrent with first task)
	6. Ensure delivery and security mechanisms are in place for computer-based exam	Director General of the Foreign Service	4 months starting concurrently with previous task
	7. Test computer-based exam for one exam cycle	Board of Examiners for the Foreign Service	First exam offering in 2002
	8. Evaluate feasibility of letting applicants sit for exam at different times throughout the year	Board of Examiners for the Foreign Service	4 months (concurrent with tasks 1 and 5)

<b>Recommendation</b>	<b>Implied Subtask</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
	9. Conduct a best practices analysis to evaluate the possibility of adapting other innovative streamlined hiring approaches for use in the State Department	Director General of the Foreign Service	3 months
	10. If promising alternatives are found in the study in the above step, charter a team(s) to tailor for Foreign Service	Director General of the Foreign Service	1 month after final report from previous action
<b>Discontinue the Oral Exam's Blindfolding Process</b>	1. Assess the impact of unblindfolding the individual portion of the oral exam. Develop report for Director General of the Foreign Service.	Board of Examiners for the Foreign Service	March 2002, one year from initial implementation
	2. Assess whether blindfolding should be eliminated from group exercise.	Director General of the Foreign Service	Same as previous task
<b>Dramatically Improve the Level of On-going Professional Education</b>	1. Establish a working group to review on-going professional education and training curricula	Director of the Foreign Service Institute	2.5 months
	2. Identify mandatory courses in functional topics, languages, leadership and management, and possible new offerings	Director of Human Resources	1.5 months after completion of previous task
	3. Define training milestones that must be met for promotion or advancement to supervisory positions	Director of Human Resources	Concurrent with previous task
	4. Develop structure for rotating personnel through training effectively with minimal negative impact on mission	Director of Human Resources	2 months after completion of previous task
	5. Determine ideal levels and cones for the 10-15 percent additional personnel (allowing for that proportion of the overall service to be in training at any given time)	Director of Human Resources	Concurrent with previous task

<b>Recommendation</b>	<b>Implied Subtask</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
	6. Validate exact budget increase necessary to support professional development float	Director of Human Resources	1 month after completion of previous task
	7. Develop business case for increased budget and staffing request	Director General of the Foreign Service/Director of Human Resources	1 month after completion of previous task
	8. Consider alternative training delivery methods (correspondence, internet, additional partnerships with universities or other educational institutions)	Director of the Foreign Service Institute	Provide recommendations 4 months after completion of task 1
	9. Develop a plan for communicating changes to employees	Director of Human Resources and Director of the Foreign Service Institute	Ongoing throughout the process
<b>Make Leadership a Core Value of the State Department</b>	1. Define leadership in Foreign Service context	Director General of the Foreign Service	2 months
	2. Review and validate leadership competencies	Director of Human Resources	3 months after completion of previous task
	3. Develop evaluation criteria guidelines for selection of senior State Department officials	Director of Human Resources	1 month after completion of previous task
	4. Write policy requiring use of evaluation criteria in selecting senior State Department officials for career positions	Director of Human Resources	2 weeks after acceptance of previous task
	5. Share evaluation criteria with President and encourage their use in selecting Presidential appointees	Secretary of State	1 month after acceptance of evaluation criteria

<b>Recommendation</b>	<b>Implied Subtask</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
	6. Ensure that performance evaluation system holds individuals accountable for living the leadership values	Director of Human Resources	Begin analysis after acceptance of second task
	7. Ensure that recognition and promotion systems recognize and reinforce the importance of leadership	Director of Human Resources	Begin analysis after acceptance of second task
	8. Develop plan for communicating changes to employees	Director of Human Resources	Begin upon acceptance of first task
<b>Change the Foreign Service's Name to the U.S. Diplomatic Service</b>	1. Draft legislation changing the Foreign Service's name to the U.S. Diplomatic Service	Director General of the Foreign Service	1 month
	2. Sell the name change to Congress	Director General of the Foreign Service	Concurrent with previous task

**APPENDIX B:  
DRAFT LEGISLATIVE LANGUAGE**

## Draft Legislative Language

An agency name change requires language that would be included in an Authorization Bill. The language would include:

SEC \_\_\_\_\_. REDESIGNATION OF THE FOREIGN SERVICE.

(a) REDESIGNATION- The Foreign Service within the Department of State shall after the date of the enactment of this Act be designated as the U.S. Diplomatic Service.

(b) REFERENCES- Any reference in any law, regulation, document, record, or other paper of the United States or in any other provision of this Act to the Foreign Service shall be considered to be a reference to the U.S. Diplomatic Service

**Road Map for National Security  
Addendum on Implementation**



**Civil Service Implementation Plan**

*Prepared for the U.S. Commission on National Security/21<sup>st</sup> Century*

## Executive Summary

The primary objective of the Civil Service recommendations discussed in this addendum is to develop and maintain a strong Civil Service workforce to support U.S. national security. Accomplishing this goal requires the government to improve recruiting and retention, provide better market-based compensation packages, and enhance professional development opportunities.

The United States Commission on National Security/21<sup>st</sup> Century's (USCNS/21) charter directs the Commission to include implementation concepts for its recommendations as part of its final report. This document provides implementation concepts for the recommendations pertaining to the Civil Service, shown in Table 1.

<b>USCNS/21<sup>ST</sup> CENTURY RECOMMENDATIONS<sup>1</sup></b>
42. The President should order the elimination of recruitment hurdles for the Civil Service, ensure a faster and easier hiring process, and see to it that strengthened professional education and retention programs are worthy of full funding by Congress.
43. The Executive Branch should establish a National Security Service Corps (NSSC) to enhance civilian career paths, and to provide a corps of policy experts with broad-based experience throughout the Executive Branch.

**Table 1. Summary of Recommendations**

In the Commission's Phase III report, *Road Map for National Security: Imperative for Change*, the Commission states that there are problems in the Civil Service that require "substantial and immediate attention." Lengthy recruiting practices, compensation that is not comparable with the private sector, and promotion practices that reward longevity instead of performance are just a few of the reasons why people do not consider government employment at all, or leave before retirement. At the same time, there is a great need for Civil Service employees who possess skills in information technology, math, science, and a variety of foreign languages.

The Commission recommends several ways the federal government can attract people to the Civil Service, including market-based compensation, reducing the length of time of the recruiting process, offering professional and technical training, and providing challenging and rewarding career paths. The Commission also recommends establishing a National Security Service Corps (NSSC) that allows senior civilian workers the ability to work in different national security organizations throughout the Executive Branch.

The Civil Service implementation plan provides implementation blueprints for nine Commission sub-recommendations. These blueprints include actions to:

- Significantly increase recruiting programs through such programs as the National Security Education Act that will link educational benefits to a service requirement;

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<sup>1</sup> Recommendations addressed in this implementation plan are extracted from *Road Map for National Security: Imperative for Change*, the U.S. Commission on National Security/21<sup>st</sup> Century (USCNS/21)'s Phase III report, posted on January 31, 2001, at [www.nssg.gov](http://www.nssg.gov), and published on March 15, 2001. All references are based on the published version. (Hereafter cited as *Road Map*.)

- Revamp the security clearance process to provide for more efficient and timely processing of employment applications;
- Provide additional funds to maximize agencies' options in recruiting and retaining high-quality personnel;
- Increase agency end-strengths by 10-15 percent to allow workers to attend critical professional education courses without sacrificing overall organization performance;
- Use existing—and seek additional—authorities to allow direct hiring and provide for more market-based compensation;
- Use and expand Office of Personnel Management (OPM) authorities to lift pay cap restrictions on Civil Service and military information technology (IT) professionals;
- Expand the Cyber Corps, whereby the U.S. Government pays for two years of a student's education in exchange for two years of IT service;
- Outsource IT support functions where appropriate; and
- Establish an interagency coordination group to help the Office of Personnel and Management develop new provisions.

This implementation plan also provides a detailed blueprint for establishing the National Security Service Corps.

Five issues that could be stumbling blocks to successful implementation of these recommendations include:

- A lack of clear definition of each program's requirements for the national security organizations within the context of different governing personnel authorities;
- The requirement for additional Congressional appropriations to implement many of the Civil Service recommendations;
- The potential that changing security clearance procedures will not be popular with most agencies because it is complex and difficult to implement;
- The challenges inherent in outsourcing government functions; and
- The need to obtain "buy-in" from both agencies and participants as a prerequisite to an enduring NSSC program.

These and other potential challenges are addressed in Section III of this document.

# IMPLEMENTATION PLAN: CIVIL SERVICE

## I. READER'S GUIDE

This reader's guide provides a brief introduction to the content and layout of the Civil Service implementation plan. First, it provides a brief contextual background that aids the reader in understanding this document; then addresses the scope of the implementation plan; finally it provides the layout for the remainder of the document.

### A. Background

The Charter of the United States Commission on National Security/21<sup>st</sup> Century (USCNS/21) directed the Commission to include implementation concepts for its recommendations as part of its final report.<sup>2</sup> This document provides those concepts for the Commission's recommendations pertaining to the Civil Service.

In the Commission's Phase III report, *Road Map for National Security: Imperative for Change*, the Commission states that there are problems in the Civil Service that require "substantial and immediate attention." Lengthy recruiting practices, compensation that is not comparable with the private sector, and promotion practices that reward longevity instead of performance are just a few of the factors that dissuade more people from considering government employment or induce them to leave before retirement. At the same time, there is an increasing need for Civil Service employees who possess skills in information technology (IT), math, science, and a variety of foreign languages.

To compete with the private sector, the federal government must make changes in the ways it recruits, compensates, and retains its employees. The Commission recommends several ways to attract people to the Civil Service, such as offering market-based compensation, reducing the length of time of the recruiting process, offering professional and technical training, and providing challenging and rewarding career paths.

The Commission's Phase III report argues that effective foreign and national security policy will require traditional national security agencies and economic agencies to develop a broader based, more integrated corps of national security policy experts. The Commission recommends establishing a National Security Service Corps (NSSC) that provides mid-level and senior civilian policy professionals the opportunity to work in different national security organizations throughout the Executive Branch to ensure better policy integration.

### B. Scope of Implementation Plan

This implementation plan identifies steps that can be taken to implement the recommendations offered by the Commission. These actions are meant to guide the reader in understanding the implications of the USCNS/21 recommendations. The plan also highlights issues raised by the recommendations, including challenges in implementing them, and provides options to facilitate implementation. Throughout the plan, tables are used to simplify presentation and format remains the same for each recommendation to facilitate comparisons.

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<sup>2</sup> USCNS/21 Charter, July 1998 is contained in Appendix 2 of *Road Map*.

The Commission's final report, *Road Map for National Security: Imperative for Change*, contains one broad and one specific recommendation for the Civil Service. The first recommendation pertains to Civil Service recruiting, retention, and professional development and is broken down into nine supporting initiatives. The second recommendation is aimed at enhancing civilian career paths and providing a corps of policy experts with broad-based experience throughout the Executive Branch through rotational assignments and professional education.

The Commission believes its recommendations for improving the Civil Service can be implemented without legislative changes or Executive Orders. Additional appropriations, however, will be necessary to fund the initiatives. Implementation of the Civil Service recommendations will require full understanding and utilization of a number of human resources tools currently in place. The recommendations will also take significant commitment from senior leaders and human resources directors in the national security community and coordination with key agencies such as the Office of Personnel Management (OPM). Clearly, the greatest challenge to successful implementation is obtaining support and additional funding for the recruiting, retention, and training initiatives. During the implementation process, it is also important for Civil Service agencies to work collaboratively to increase the potential for achieving the goals of improved recruiting and retention.

### **C. Implementation Plan Layout**

Section II of this plan provides a blueprint for implementing the Commission's Civil Service recommendations. This section suggests actions to achieve the objectives laid out in the recommendations for improving hiring and retention in the Civil Service and for creating more broad-based leaders; it identifies responsibility for those actions; and it provides a notional timeline for each action. Appendix A includes a matrix summarizing the information in this section.

Section III describes issues, challenges, and opportunities raised by the recommendations and presents potential courses of action to address them.

Section IV summarizes the means by which the recommendations can be implemented.

Section V describes implications for the personnel affected by these recommendations, including personnel transfers, reclassification, and training.

Section VI contains Appendix A, which summarizes in table format the actions, responsibilities, and timelines required for achieving the Commission's recommendations.

## II. IMPLEMENTATION BLUEPRINTS

This implementation plan highlights issues and requirements raised by Commission recommendations and provides options that, if adopted, will facilitate implementation of those recommendations. This plan offers specific sequential actions to achieve the objectives laid out in the recommendations (and sub-recommendations) for improving recruitment and retention of Civil Service employees, streamlining the security clearance process, outsourcing information technology jobs where appropriate, and creating a National Security Service Corps. The blueprints also identify responsibility for those actions and a timeline for each action.

### A. Recruitment and Retention of Civil Service Employees

**Recommendation 42:** *The President should order the elimination of recruitment hurdles for the Civil Service, ensure a faster and easier hiring process, and see to it that strengthened professional education and retention programs are worthy of full funding by Congress.*

**1. Background.** The nation will face a major challenge in attracting and retaining a high quality workforce for government service. Over 60 percent of the current workforce is eligible for early or regular retirement today. Adding to this dilemma is the difficulty in attracting new personnel to government employment and the increasing competition with the private sector for the best and the brightest. While dealing with the prospect of replacing much of the present workforce over the next several years is a challenge, it also creates an opportunity to infuse new talent and ideas into the federal workforce. An even more acute problem, particularly for the national security community, is attracting and retaining individuals in high demand occupations such as information technology and low-density language specialists.

Several attempts have been made in the last decade to address the challenge of attracting and retaining a highly skilled federal workforce. Indeed, the Commission believes some of these problems are self-imposed. Government-wide and departmental authorities exist that address many of these problems. Unfortunately, few agencies have taken full advantage of the tools available. This is due in part to the fact that funds for recruiting and retention programs come from the same pool of money for salaries; therefore, departments must make very difficult decisions on how to spend personnel resources.

To address recruitment and retention problems in the Civil Service, the Commission offered nine specific sub-recommendations focusing on means to improve general hiring and personnel practices, means to attract IT talent, and means to ensure better interagency coordination on personnel issues. Table 2 identifies these sub-recommendations.

42.(A) Recruiting, Hiring, Retaining, and Training	<ol style="list-style-type: none"> <li>1. Significantly increase recruiting programs through programs like the National Security Education Act, which will link educational benefits to a service requirement</li> <li>2. Revamp the security clearance process to provide for more efficient and timely processing of job applications</li> <li>3. Provide additional funds to maximize agencies' options in recruiting and retaining high-quality personnel</li> <li>4. Increase agency end-strengths by 10-15 percent to allow for critical professional education</li> </ol>
42.(B) Secure and Retain IT Talent	<ol style="list-style-type: none"> <li>1. Use existing and seek additional authorities to allow direct hiring and provide for more market-based compensation</li> <li>2. Use and expand the Office of Personnel Management authorities to lift pay cap restrictions on former Civil Service and military IT professionals</li> <li>3. Expand the Cyber Corps, whereby the U.S. government pays for two years of a student's schooling in exchange for two years of IT service</li> <li>4. Where appropriate, outsource IT support functions</li> </ol>
42.(C) Interagency Coordination Group	Establish an interagency coordination group to help OPM develop new provisions

**Table 2. Specific Sub-recommendations for Improving Recruitment and Retention**

**2. Implementation Blueprint.** The following sub-section includes a series of tables, one for each sub-recommendation. These tables outline the steps necessary to implement the sub-recommendations, the organization responsible for each action, and a notional implementation timeline for each action. Each table is followed by a narrative description of the actions necessary to implement each sub-recommendation.

## a.) Recruiting, Hiring, Retaining, and Training

*Significantly increase recruiting programs through programs like the National Security Education Act, which will link educational benefits to a service requirement.*

In its Phase III report, the Commission states that “*a national campaign to reinvigorate and enhance the prestige of service to the nation* is necessary to attract the best Americans to military and civilian government service.” As part of this national campaign, the Commission recommends that the government increase recruiting. One way to do this is through the passage of a National Security Science and Technology Education Act (NSSTEA) and expansion of the National Security Education Act (NSEA). Although expanding the NSEA is covered in a separate implementation plan, it is useful to summarize here, along with the NSSTEA recommendation:

- **NSSTEA (Recommendation 11 in the Commission’s Phase III Report)** – The President should propose, and Congress should pass, a National Security Science and Technology Education Act (NSSTEA) to support students' pursuits of degrees in science, mathematics, and engineering. The Act should also contain provisions for loan forgiveness and scholarships for those in these fields entering government or military service.
- **NSEA (Recommendation 39 in the Commission’s Phase III Report)** – Congress should significantly expand the National Security Education Act (NSEA) to include broad support for social sciences, humanities, and foreign languages in exchange for military and civilian service to the nation.

The current National Security Education Act of 1991 provides limited undergraduate scholarships and graduate fellowships for students to study a variety of subjects, including foreign language and foreign area studies. The Act also allows the use of funds at institutions of higher learning to develop faculty expertise in the languages and cultures of less commonly studied countries. Recipients incur an obligation either to work for an office or agency of the federal government involved in national security affairs, or to pursue careers as educators for a period equal to the time covered by the scholarship.

An expanded Act would increase scholarship opportunities and increase the length of the scholarships to up to four-years at qualified U.S. universities and colleges. It would also remove certain limitations on scholarship recipients, such as the requirement for overseas study. Upon graduation, scholarship recipients could fulfill their service in a number of ways, including: active duty in the U.S. military; service in National Guard or Reserve units; working in national security departments and agencies as Civil Servants; or as Foreign Service Officers. To prepare students to fulfill these service requirements, the scholarship program might include a training regimen, although this would likely vary significantly for military and civilian service. One model of this training regimen might be a civilian equivalent of the Reserve Officers Training Corps (ROTC) or Platoon Leader Course (PLC) that includes academic elements as well as training in government offices during the summers.

To encourage individuals who have already graduated, and thus have not had the opportunity to obtain an NSEA scholarship, to enter government service, the Act should offer loan deferral, reduction, and forgiveness incentives. For example, educational loan repayments

could be deferred, reduced by a set percentage each year, or eliminated while individuals serve in government. In such cases, the government would assume the financial obligations of the graduate, so that neither financial nor educational institutions suffer.

The Commission believes the combination of the NSSTEAs and an expanded NSEA will prepare Americans for many forms of service and more generally will help recruit high-quality Civil Service and military personnel.

Although creating the NSSTEAs and expanding the current NSEA will provide two valuable recruitment tools, the federal government must also do more to raise the awareness of these programs to undergraduate and graduate students, especially those enrolled in crucial disciplines. In addition, departments and agencies must expand their recruitment programs generally, in order to bring qualified younger professionals into service.

Table 3 suggests actions for increasing recruitment of students into federal service.

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
1. OPM takes the lead on a nationwide recruiting campaign	OPM	Immediate
2. Agencies identify recruitment needs and develop plans to recruit college students using existing and new recruitment tools	Heads of recruiting at individual agencies	3 months
3. Agencies recruit at college recruitment fairs and use outside recruitment firms as necessary	Recruiting departments at individual agencies	Ongoing after completion of previous step
4. Congress enacts the NSSTEAs	Congress	1 year
5. Congress provides additional funding for the NSSTEAs and expansion of the NSEA	Congress	FY03 budget

**Table 3. Specific Sub-recommendation for Increasing Student Recruitment**

The Office of Personnel Management should work with the national security agencies and take the lead to establish and administer a nationwide recruiting campaign for attracting undergraduate and graduate students to the national security components of the Civil Service. By taking the lead in this campaign to renew interest in and attract the best students to public service, OPM will be able to provide consistent messages and recruiting materials, which demonstrate to students that Civil Service, especially in national security positions, is an excellent choice for those who seek a challenging and rewarding career. OPM materials should also provide detailed information on the NSEA and NSSTEAs. As the lead office, OPM will also be able to advise government agencies and departments on the recruiting tools and incentives available to students and graduates. Meanwhile, national security agencies should work with OPM, the NSEA Board and the agency that will administer the NSSTEAs to ensure that enough positions are available for recipients of the scholarships made available by the NSEA and the NSSTEAs.

Agencies and departments must identify their current and future personnel needs as well as identify the colleges and universities that will most likely be able to provide students with the

skills to fulfill those needs. OPM can provide agencies with guidance, tools, and information about colleges and universities during this process. More generally, some agencies must begin recruiting again.

Agency recruiting departments should attend college and university fairs on a regular basis to establish rapport with guidance counselors and placement officers. Agency and department recruiters should provide information to college students throughout their college careers on scholarships and incentives for repayment of student loans in return for federal service. To make longer term recruiting more effective, agencies and departments should be active in high school career days whenever possible.

A successful recruiting campaign will also require Congressional action. The President should request Congress to enact the NSSTE and expand the NSEA. Congress should provide the funding for these recruiting incentives during the budget cycle so that they can be used to attract the talent needed now for national security positions in the Civil Service. This is especially important in light of the number of Civil Service employees eligible or soon-to-be eligible for retirement.

***Revamp the security clearance process to provide for more efficient and timely processing of job applications.***

The length and complexity of most federal government job applications and security clearance processes are devastating in an economy where private sector firms can make on-the-spot offers. The Director of Recruitment at the Central Intelligence Agency (CIA) recently stated that the "CIA's biggest (recruiting) challenge is that potential employees often receive multiple offers from private sector companies while they are waiting for the agency to complete their [security] background check."<sup>3</sup> The security clearance process is cumbersome, and there is usually a large backlog of background investigations. Thus, it is clear that security clearance requirements increase the time required to hire new employees. However, it is not clear that all positions "coded" for security clearances actually require the specified level of clearance, and verifying security requirements is an important first step to reducing the time between initial contact with a recruiter and first day of work.

At the same time, the process by which security clearances are granted should be streamlined without sacrificing thoroughness to allow national security agencies and departments the ability to compete with the commercial sector for IT and other skilled employees. To support the overhaul of the security clearance processes, the Commission recommends that agencies and departments re-code positions to allow some employees to start work before receiving final security clearances. The Commission also recommends establishing a bipartisan Commission drawn from the Executive and Legislative Branches of government to examine methods of streamlining the security clearance process, while maintaining the rigor required for national security positions.

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<sup>3</sup> Strong, Joseph C. Anselmo, "CIA Tech Recruiting", *Washington Techway*, October 17, 2000. For example, the process by which security clearances are granted usually requires months. During that time, prospective employees have little recourse but to wait for an official offer. Many applicants therefore choose other jobs in the interim. Often, by the time the security clearance is finally granted, they have already found lucrative and interesting employment outside of the government.

Individual agencies already have the authority to make decisions to re-code positions. Executive Order No. 12968, Section 2.1 authorizes federal agencies to make decisions about the level of security clearance its positions require.<sup>4</sup> Other relevant legislation and Executive Orders that govern employee access to classified information for all Executive Branch agencies and departments include:

- U.S. Code Title 50 - War and National Defense, Chapter 15 - National Security, Subchapter VI - Access to Classified Information, Section 435. Procedures
- Executive Order No. 12958. Classified National Security Information, April 20, 1995 (within Title 50)
- Executive Order No. 12968. Access to Classified Information, Aug. 2, 1995 (within Title 50)

It is important to note that, although the process is complex, each agency has the authority to determine the level of clearance that positions warrant. Each agency also has specific criteria for coding clearance requirements. All agencies have their own ideas and cultural biases regarding the extent to which classified material must be safeguarded. This is important in the present environment because agencies and departments may be reluctant to overstep what have become cultural norms to consider re-coding positions because of recent high-profile security breaches. However, doing so may help alleviate the backlog for some applicants.

Table 4 suggests actions for streamlining the security clearance process and for identifying and re-coding positions where possible. The White House should form an Executive-Legislative Commission to review the security clearance processes and generate new ideas for streamlining them.<sup>5</sup>

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<sup>4</sup> Section 2.1 of Executive Order 12968 states that "authorization for access to classified information pursuant to Executive Order No. 12829 may be granted by the head of a department or his designee, including but not limited to, those officials named in section 8 of this order, to an individual, hereinafter termed an "applicant," for a specific classification category only upon a finding that it is clearly consistent with the national interest to do so."

<sup>5</sup> The Clinton Administration, in Presidential Decision Directive (PDD) 29, established the Security Policy Board and other associated entities to coordinate, review, and recommend changes to security policy and procedures. The Administration of President George W. Bush, with the promulgation of National Security Presidential Directive (NSPD) 1, has transferred the duties of the Security Policy Board and associated entities to unspecified Policy Coordination Committees established by NSPD 1.

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
1. Consult with Congress about establishing an Executive-Legislative Commission to streamline the security clearance process	White House and OPM	Immediate - 3 months
2. Obtain authorization and funding for the Commission and any supporting staff	White House	FY03 budget
3. Appoint security clearance policy experts to take part in the Commission	Congress and Executive Branch	Upon Congressional authorization for Commission and appropriations of operating funds
4. Report on findings and recommendations for streamlining the security clearance process	Commission	6 months from inception of Commission
5. Using Commission recommendations, make legislative or executive level changes to the security clearance process	White House, Congress, OPM	6-12 months after Commission report
6. Agencies and departments involved in the security clearance process or holding positions requiring security clearances implement the changes recommended by the Executive-Legislative Commission	Individual agencies and departments	Upon Congressional, OPM, and/or Presidential authorizations
7. Heads of agencies and departments that require security clearances review positions for re-coding; establish guidelines/criteria for this review	White House	3 months concurrent with step 1
8. Agencies review security clearance requirements and identify those positions that could be re-coded	Senior managers in individual agencies	4 months
9. Review identified positions and authorize re-coding as appropriate	Agency head or senior security manager at each agency	6 months after re-coded positions are identified
10. If necessary, make legislative or executive level changes for the purpose of improving the process of re-coding positions	White House, Congress, OPM	Ongoing

**Table 4. Implementation Matrix for Revamping the Security Clearance Process**

A bipartisan Executive-Legislative Commission should be set up to find ways to significantly reduce the time in which investigations are completed and reduce the current backlog of investigations and reinvestigations.<sup>6</sup> Establishing a Commission of this caliber will require the support of the President and Congress, as members would be drawn from both the Executive and Legislative Branches and Congress would have to appropriate operating funds.

The White House, with the assistance of OPM, should begin consultations with Congress immediately to introduce the idea of such a Commission and specify its mandate. Consultations on the mandate should explore all options for improving the security clearance process, including outsourcing and privatization of security clearance processes, as well as reviewing the adequacy of currently allocated resources. Similarly, consultations on the composition of the Commission should include the appointment of private sector experts among Commission members.

Following these consultations, the President should present a legislative proposal to Congress for establishing the Commission, including recommendations for its composition, charter, and operating procedures. Simultaneously, the President should request Congressional funding for the Commission by including a funding request in the next budget presented to Congress.

Once the Commission has been authorized and funded by Congress, the President and Congress should appoint members according to the procedures authorized by law. Some prospective government members include officials from the Government Accounting Office (GAO), OPM, the House Armed Services, Veterans Affairs (VA), International Relations, and Government Reform Committees; the Senate Armed Services Committee and Subcommittee on Personnel<sup>7</sup>. Representation from the Treasury, Commerce, State and Defense Departments should also be considered.

The Commission should report its findings to Congress within a year of beginning its work. Its recommendations should address streamlining security clearance processes and reducing the backlog of investigations and re-investigations. The Commission should explore the efficacy of using business process reengineering or other process improvement mechanisms to enable swift but thorough background investigations. It should also make recommendations on the benefits of improving current automated systems or creating new ones. Reducing the backlog of investigations will require streamlining the process and investments in a viable information technology infrastructure and dependable automated systems that support background investigation processes.<sup>8</sup>

The President and Congress should then work together to enact the recommendations of the Commission. If additional legislation or executive action is warranted, Congress and the President should provide the new authorities as soon as possible to enhance recruiting by

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<sup>6</sup> A Joint Security Commission was established in May 1993, by the Secretary of Defense and the Director of Central Intelligence to review security policies and procedures. It was convened twice and issued reports on its work in 1994 and 1999. Establishing an Executive-Legislative Commission would renew attention on this issue.

<sup>7</sup> GAO has extensive involvement in review of the background investigation process, especially Defense Security Service (DSS) processes, and has made many recommendations to DSS for improvements in the past. OPM also has extensive experience, having conducted background investigations through its Investigations Services department until it privatized this function, setting up the U.S. Investigations Service, Inc. in July, 1996.

<sup>8</sup> In recent years, DSS has faced criticism for failing to conduct investigations in a timely manner. Reasons for these problems include: a reduction in personnel due to downsizing, lack of proper training for investigators, and failure of information technology systems that were supposed to help streamline the process.

eliminating the long security clearance process. Agencies and departments should modify current practices to reflect any changes in legislation or executive authorities. The Defense Security Service, OPM, the U.S. Investigations Service, and any other organizations that perform security clearance investigations should do the same.

To initiate the process of identifying and re-coding positions, the White House should issue a memorandum to departments and agencies directing a review of positions requiring security clearances, particularly those filled by new entrants. This memorandum would provide guidance regarding the types of positions to review and the criteria to be used in reviewing them.

Senior managers in individual agencies and departments should then begin a three-month review of positions, as appropriate, to identify those positions that could be re-coded to allow workers to begin working in a shorter amount of time while awaiting their clearance or a higher level clearance.

Agency heads or senior security managers at each agency should then review the identified positions and authorize re-coding where appropriate. Agency heads have the authority to determine the access of individuals to the agency's classified information.<sup>9</sup> Re-coding positions may require changes to building structures, such as walls and barriers; changes to access-limiting devices, such as locks, ciphers and other devices; changes in policy and other agency manuals; and other changes that would limit access or change procedures needed as a result of re-coded positions. To determine the degree to which re-coding positions and making necessary changes to provide for those new codings makes sense, a cost-benefit analysis should be performed. To determine the security risks involved in re-coding positions, a risk assessment also should be performed.

After all assessments are performed and final decisions are made on re-coded positions, agencies should immediately update vacancy announcements to reflect the new security requirements and notify recruiters (internal and external to the agency) and hiring managers about the changes made. Findings, including lessons learned and re-coding decisions, should be reported to the Executive-Legislative Commission discussed above, together with recommendations for improving the position re-coding process.

If necessary, OPM, Congress, and/or the White House should make legislative or executive level changes for the purpose of improving the process of re-coding positions. Agencies and departments should report findings to the Executive-Legislative Commission, established for streamlining the security process, during the course of identifying and re-coding positions.

***Provide additional funds to maximize agencies' options in recruiting and retaining high-quality personnel.***

Funding has been a significant hurdle to improving recruitment and retention rates across the Civil Service. Indeed, agencies have at their disposal a number of tools to address recruitment and retention challenges. Various OPM and departmental authorities allow agencies the ability to offer bonuses, allowances, and education benefits as recruitment, retention, and

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<sup>9</sup> This authority is provided by Executive Order No. 12968, Section 2.1.

career development tools. Several of these tools were authorized by the 1990 Federal Employees Pay Comparability Act (P.L. 101-509). Other authorities OPM developed include the following:

- Recruitment and Relocation Bonuses – Agencies have discretionary authority to make a lump-sum payment of up to 25 percent of basic pay to a newly appointed employee or to an employee who must relocate. [5 U.S.C.5753; 5 CFR Part 575, Subparts a and b]
- Retention Allowances – Agencies have discretionary authority to make continuing payments of up to 25 percent of basic pay to an employee and up to 10 percent of basic pay to a group of employees with high qualifications and a reasonable likelihood of leaving government service. [5 U.S.C.5753; 5 CFR Part 575, subparts c]
- Repayment of Student Loans – Agencies can offer student loan repayments up to \$6,000 per year for a maximum of \$40,000 to individuals with an offer of employment and to current employees. [5 CFR Part 537]

Using the full extent of these authorities can reduce recruiting and retention problems. Unfortunately, the use of these tools has been hindered, in part, by a lack of resources. Because funding for these tools comes from agencies' Salary and Expense budgets, agencies are forced to choose between funding positions and using resources to help alleviate recruiting and retention problems. The Commission therefore recommends providing additional funds to maximize agencies' options in recruiting and retaining high-quality personnel. Table 5 provides an implementation plan for obtaining more funding to allow agencies to utilize the available programs for recruitment and retention.

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
1. Establish guidance and fiscal parameters for a review of the effective use of recruitment and retention authorities	OMB	1 month
2. Agencies review funding requirements for the effective use of recruitment and retention authorities	HR directors and senior agency officials	3 months
3. Establish performance metrics for each of the recruiting and retention authorities	HR directors and senior agency officials	Concurrent with previous task
4. Agencies adjust budget submissions to reflect funding requirements for using recruitment and retention authorities	HR directors and senior agency officials	2003 budget cycle
5. Work with members of Congress to establish the need for additional funds	OPM, individual agencies	Immediately following previous task
6. Work with department officials, OMB, and Congress to modify the budget and develop appropriations language	HR directors, senior agency officials individuals responsible for budget preparation	2003 budget cycle

**Table 5. Implementation Matrix for Increasing Recruiting and Retention Funds**

As a first step, OMB should establish guidance and fiscal parameters for agency reviews. Then, each agency must identify funding requirements to take advantage of existing recruitment and retention authorities. Agency human resources (HR) directors should meet with senior managers to outline the available authorities and the impact that added funding is likely to have on recruitment and retention. As a group, agency senior managers and HR officials should make strategic decisions about the types of recruiting and retention tools the organization will use, the types of occupations and situations for which the tools will be used, and a general budget for each type of tool. As a part of the review, agencies should develop performance metrics associated with each of the recruitment and retention tools. These metrics, if properly designed and consistently tracked, would help to ensure the return on investment from the funds expended on recruitment and retention.

Agencies must then adjust their budget submissions to include additional funding for recruiting and retention authorities over the next fiscal year. At the same time, OPM and the individual agencies should work with Congress to establish the need for the additional funding in order to take advantage of existing recruiting and retention tools. The agencies must then work with their departments, OMB, and Congress to support budget submissions.

***Increase agency end-strengths by 10-15 percent to allow for critical professional education.***

The Commission noted that professional education is required to maintain a "knowledgeable cadre of national security professionals" in the Civil Service. Although

professional education opportunities exist, there is no incentive, and minimal opportunity, to take advantage of these offerings. Policy offices of national security departments and agencies are already overburdened. Thus, if a manager decides to send a person for professional education, there is no replacement. Because short-term pressures are so intense, managers often prefer to keep their best people working, rather than lose them for weeks or months at a time while they complete professional education programs.

However, managers should view professional education as a benefit rather than an inconvenient drain on personnel resources. The Civil Service will accrue considerable long-term benefits from increasing opportunities for employees to take advantage of professional education programs and ensuring that professional education opportunities are of the highest quality. For example, a well-conceived professional education program will yield higher quality staff, improved retention, and serve as a greater recruiting draw.

To offset managers' concerns about being short-handed if their personnel are involved in professional education, the Commission recommends increasing national security affairs offices' end-strengths within each agency by 10-15 percent. This increase will allow employees to take advantage of professional education opportunities without reducing productivity. In addition to increasing available staff, agencies should also consider several other factors to improve the level of on-going professional education. These factors include the current professional education opportunities in the Civil Service, agency professional education requirements, professional education (including travel) budgets, and the procedures for rotating professionals to cover shortages created by professional education. Table 6 outlines the steps for addressing these issues and the Commission's recommendation.

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
1. Establish consistent and replicable procedures for individual agencies to review ongoing professional education and training curricula	Agency director, training or HR director, line managers	2 months
2. Review existing professional education and training curricula including courses, seminars, workshops, and tutorials	Agency training director	3 months after completion of previous task
3. Consolidate findings and rank order existing courses by relevance and criticality	Training director and key supervisors, with involvement of line managers	2 months after completion of previous task
4. Identify mandatory courses in functional topics, languages, leadership, and management	Agency director, training or HR director, with involvement of line managers	2 months after completion of previous task
5. Define learning mastery that must be met for promotion or advancement to supervisory positions	Agency director, training or HR director, with involvement of line managers	Concurrent with previous task
6. Develop structure for rotating personnel through training effectively, coupled with potential for distance learning, resulting in a minimal negative impact on mission	Agency director, training or HR director, with involvement of line managers	2 months after completion of previous task
7. Determine ideal levels and occupations for the 10%-15% additional personnel (allowing for that proportion of the overall service to be in training at any given time)	Agency director, Training or HR director, with involvement of line managers	Concurrent with previous task
8. Identify budget increase necessary to support training float	Agency director, Training or HR director, with involvement of line managers	1 month after completion of previous task
9. Develop business case for increased budget and staffing request	Agency director, Training or HR director, with involvement of line managers	1 month after completion of previous task
10. Develop plan for communicating changes to employees	Agency director, Training or HR director, with involvement of line managers	Ongoing throughout the process

**Table 6. Implementation Matrix for Increasing Agency End-Strength to Support Professional Education**

The first step in increasing the level of ongoing professional education is for each agency to review current professional education offerings with regard to knowledge, skills, attitudes, and abilities necessary for learning, maintenance, and improvement of performance capabilities. This process will serve as the method to determine if any changes are needed and should be done by developing a replicable and consistent set of procedures for individual agencies to review ongoing professional education and training curricula. After the initial review, educational offerings should be reviewed regularly for their relevance to the policy community. The first step would be to compare core and specialized competencies with representatives from each agency's Office of Professional Development, their Office of Human Resources, coupled with participation of policy line managers.

The timeline allows five months for the first iteration of this study. To be effective, this review should include a survey of, and/or focus groups with agency employees at all levels to gain a better understanding of current and anticipated training needs to ensure that they are well equipped to serve national security. The iterative process of the study includes reviewing existing professional education and training events, which may take the form of courses, seminars, workshops, and tutorials (including distance learning). Outcomes from the process will take the form of ranked listings of existing instructional events, along with their relevance and criticality to the agency.

This professional education analysis should not be a one-time event, but rather a continuing process that accommodates changes in technologies, policy issues, regulations, and operations. A process for regularly evaluating professional education should be established at all agencies to ensure that national security personnel are provided with leading edge educational opportunities.

After making recommendations on the professional education curricula, agencies should identify whether any professional education should be mandatory for all, or a certain subset of, employees. This assessment should include consideration of, and recommendations for, professional education milestones that would be required for promotion or advancement to supervisory positions.

Each agency's human resources department should identify the necessary budget increase to support the training float and develop a business case supporting the training float request. Agencies will need to develop and submit increased budgets with justifications. Strong business cases will help sell the requests.

Human resources also must develop a policy and structure for rotating personnel through professional education in a way that will maximize the benefits and minimize the negative impact on the department or agency's mission. An alternative to traditional classroom-based, fixed time, instructional offerings should be considered in terms of distance learning.<sup>10</sup> Finally, this change will have a significant impact on personnel and it will be necessary to educate employees on new professional education opportunities and requirements. Human resources and professional development should work together to develop and implement a comprehensive communication plan.

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<sup>10</sup> This approach is in accordance with Executive Order 13111, Using Technology to Improve Training Opportunities for Federal Government Employees, January 12, 1999. Furthermore, that Executive Order was enhanced by EO 13188, Amendment to EO 13111, Extension of the Advisory Committee on Expanding Training Opportunities, January 12, 2001.

**b.) Secure and Retain IT Talent.** The Commission gave special priority "to measures to secure and retain IT talent in the most mission-critical areas." It suggested that direct hire authority and more market-based compensation are needed to compete with the private sector for IT expertise. For the most part, adequate authorities exist to create incentives for IT specialists to join and remain in government service. The biggest challenge for national security agencies is to implement recruitment and retention programs for IT and other hard-to-fill positions that effectively take advantage of existing authorities.

*Use existing and seek additional authorities to allow direct hiring and provide for more market-based compensation.*

There are significant differences between the intelligence agencies that support the Defense Department (i.e., National Security Agency (NSA), National Reconnaissance Office (NRO), National Imagery and Mapping Agency (NIMA), Defense Intelligence Agency (DIA), intelligence components of military departments), the CIA, and other agencies with national security missions with respect to their governing personnel authorities and the flexibility these authorities afford. Table 7 below provides a brief overview (and guide for the remainder of the section) of the differences in direct hire and market-based compensation by governing personnel authority.

	<b>Defense Intelligence Community</b>	<b>CIA</b>	<b>Other National Security Agencies</b>
Governing Personnel Authority	10 U.S.C. 1601-14	50 U.S.C. National Security Act of 1947	5 U.S.C.
Oversight	Secretary of Defense (SECDEF)	Director of Central Intelligence (DCI)	U.S. Office of Personnel Management
Direct Hiring Authorities	All appointments excepted from competition	All appointments excepted from competition	<ul style="list-style-type: none"> <li>• Outstanding Scholar (GS-5/7)</li> <li>• Bilingual/Bicultural (GS-5/7)</li> <li>• Some positions are in the excepted service (excepted from competition)</li> </ul>
Market-based Compensation	<ul style="list-style-type: none"> <li>• IT Special Salary Rates</li> <li>• Three pay bands, pay can be set at market rates within the band</li> </ul>	<ul style="list-style-type: none"> <li>• Partially market-based salaries for computer specialists</li> <li>• Pay banding for other selected occupations</li> </ul>	<ul style="list-style-type: none"> <li>• IT special salary rates</li> <li>• Request demonstration project authority</li> </ul>

**Table 7. Personnel Authorities for National Security Agencies**

This section outlines the governing personnel authorities and associated personnel flexibilities related to direct hiring and market-based compensation for IT personnel in each group. Because the personnel authorities are different for different agencies, this section proposes one implementation plan for the Intelligence Community (e.g., defense related intelligence agencies and the CIA) and another for those agencies with national security missions governed by 5 U.S.C. (also called the competitive service.)

**1.) Securing and Retaining IT Talent in Selected Intelligence Community Agencies.** Intelligence community agencies, with the exception of the CIA, are primarily governed by the Defense Civilian Personnel System (DCIPS) under Title 10 of the U.S. Code. DCIPS was enacted in 1996 and allows intelligence agencies significant human resources latitude. DCIPS provides included agencies with the following personnel flexibilities:

- Direct hire authority – All positions under DCIPS are excepted service (excepted from competition) and thus agencies can make direct hires.

- Pay banding<sup>11</sup> – All applicable pay grades are collapsed into three pay bands. Agencies can set individual pay within the entire pay band enabling market-based compensation within the bands.

The CIA personnel system is governed by the National Security Act of 1947 (Title 50 of the U.S. Code). As a result, the CIA is exempt from some Title 5 requirements and has the ability to request special personnel authorities from Congress as needed to effectively pursue their intelligence mission. The CIA can make direct hires and market-based salary offers as follows:

- Direct hire authority – The CIA is exempt from Title 5 with respect to hiring, so recruiters are authorized to make conditional on-the-spot offers to candidates who meet basic qualifications. The Agency reserves the right to rescind the offer if necessary.
- Market-based compensation – Computer specialists are paid special salary rates using a pay grade system, similar to the Government Service (GS) system, that is partially based on market rates. The Agency also uses pay banding for other selected occupations.

Intelligence Community agencies that support DoD do not take full advantage of the flexibilities authorized under their governing personnel legislation. In fact, many follow Title 5 regulations in whole or in part. The reasons for this are numerous. First, using Title 5 personnel regulations and procedures ensures Merit Principles are followed and thus limits the risk of prohibited personnel practices and grievances. Second, many defense intelligence agencies obtain personnel services from regionalized personnel centers that provide personnel services to several defense agencies, primarily agencies subject to Title 5. The centers and their personnel specialists may be either unwilling or unable to focus on developing programs that take advantage of DCIPS flexibilities. Third, personnel specialists who have years of experience in the competitive service rules and regulations may not be well informed about the flexibilities of Title 10 and may be concerned about the risks associated with programs outside of these rules and regulations. Fourth, managers in the defense intelligence agencies are accustomed to personnel offices dictating human resources practices. They may not be well trained or comfortable with their new authority to make hiring and pay decisions. Finally, organizations that represent employee interests work to ensure employee protections that are a hallmark of the competitive service are continued under Title 10 and 50.

To address the issues mentioned above and maximize the flexibilities afforded under Titles 10 and 50 the following actions are suggested:

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<sup>11</sup> Pay banding is a compensation method whereby pay grades are collapsed into a few pay bands that encompass a greater salary range. In pay banding managers typically have more flexibility to set pay for an individual than in a pay grade system like the General Schedule system used by most agencies in the competitive service.

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
1. Appoint a DCIPS Ombudsman for all personnel centers that service intelligence agencies	Intelligence agency directors	1 month
2. Conduct a study to determine which IT positions need to be paid at market-based salaries	DCIPS ombudsmen and HR directors	2 months
3. Establish programs (including direct hire authorities and market-based compensation) that take full advantage of the flexibility afforded under Titles 10 and 50	DCIPS ombudsmen and HR directors	3 months
4. Develop a guidance document that outlines flexible programs and how to implement them for personnel specialists and managers	DCIPS ombudsmen and HR directors	3 months
5. Conduct a major organization change effort that fully educates personnel specialists on the flexibility under Titles 10 and 50 and prepares them to provide appropriate guidance to managers	Intelligence agency directors, DCIPS ombudsmen, and HR directors	6 months
6. Establish metrics to track success	Intelligence agency directors, DCIPS ombudsmen, and HR directors	1 month
7. Create and appropriately staff one personnel center that services all DCIPS clients	Intelligence agency directors	2 years

**Table 8. Implementation Matrix for Achieving Personnel Flexibility in the Intelligence Community**

To increase the possibility of using the direct hiring and market compensation authorities, intelligence community agency directors should appoint an ombudsman for DCIPS. This ombudsman would champion the full use of existing authorities and serve as the bridge between agency managers and personnel. The ombudsman should work with the personnel centers and agency managers to identify IT positions that should be paid market-based salaries to fulfill critical skills gaps, develop programs that meet the unique human resources needs of each agency, and ensure roadblocks to successful implementation are avoided. The ombudsmen must also prepare a document that explains what recruiting, retention, and compensation actions can be implemented; how to implement them, the level of approval or coordination required; and points of contact/references. A request for additional funds for paying market-based salaries must be prepared, also.

In addition to appointing an ombudsman, major changes must take place in those portions of the intelligence community that support the Department of Defense community. To start,

personnel specialists must become well versed in the authorities that apply to the agency they service. To be effective, specialists must be given the tools and training that enable them to become true consultants to agency managers. Personnel specialists should be able to give sound guidance to managers regarding options for hiring and compensating employees without being prescriptive. Intelligence agency managers must have a better understanding of the human resources decisions they are empowered to make. They must be provided the training and tools necessary to make informed human resources decisions. A guidance document should be the cornerstone for these training efforts. To ensure the programs meet manager needs, comply with merit principles and do not create funding overruns, the ombudsmen and their agency managers should create metrics to track the performance of these programs.

Ultimately, the defense intelligence agencies should come together to create and staff one personnel servicing center devoted to providing the agencies with appropriate IT human resources consultation services that takes full advantage of DCIPS authorities. This center would have staff devoted to each agency to create programs that meet each agency's unique requirements but would work together to leverage best practices and achieve financial savings. The consolidation into one personnel servicing center would result in efficiencies as well as greater effectiveness, as different procedures and methodologies could be rationalized and simplified.

**2.) Other National Security Agencies.** In contrast to Intelligence Community activities, other national security agencies are primarily governed by Title 5, and therefore have much more limited personnel flexibility. However, these agencies do have some direct hire authorities and avenues for more market-based compensation. A resolution to a class action lawsuit in 1981, the *Luevano Consent Decree*, authorized two direct hiring programs to fill jobs at the GS-5 and 7 level in the competitive service:

- The Outstanding Scholar Program, in which agencies can directly hire college graduates with a 3.5 or higher or who were in the top 10 percent of their undergraduate class, and
- The Bilingual/Bicultural Program that allows agencies to directly hire individuals with Spanish language proficiency or knowledge of Hispanic cultures to benefit job performance.

Since OPM delegated examining authority to all competitive service agencies, the ability to make direct hires for special "shortage category" positions rests with each individual agency. However, agencies must still apply the "rule of three"<sup>12</sup> and veterans preference in making these direct hires. These requirements make it nearly impossible to make on-the spot offers, unless agencies are filling an extremely large number of vacancies for one occupation. Prior to government-wide delegated examining, OPM granted the authority for agencies to make direct hires for special shortage categories without these restrictions.

A few national security agencies have excepted service positions, including the Federal Bureau of Investigation (FBI). Like agencies included in DCIPS, the FBI could make direct

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<sup>12</sup> The "rule of three" refers to the process used in the competitive service of referring the top three most qualified candidates to a hiring manager for selection.

hires. However, the agency has chosen to require most new hires to take a general exam prior to consideration.

With respect to more market-based compensation, competitive service agencies can set employee pay higher than step 1 of the pay grade range if the applicant has superior qualifications [5 U.S.C. 5333, 5 CFR Part 531.203, Subpart c]. OPM also is authorized to establish special salary rates for certain hard-to-fill occupations. Any department can request a special salary rate but the department must coordinate the request with other federal agencies with employees in similar occupations and localities [5 U.S.C. 5305; 5 CFR Part 530, Subpart c].

In addition, OPM released a memorandum (CPM 2000-14) on November 3, 2000 to human resources directors that authorized paying special salary rates to IT workers in Grades 5-12 effective January 2001. Rates were established based on market compensation for IT workers. In their research, OPM found that the "most severe IT staffing problems are found at the lower, entry level grades."<sup>13</sup> OPM is continuing to monitor the staffing situation for IT professionals in grades 13 and above. In the November memorandum, OPM also mentions that "agencies may request higher special rates for specific IT specialties, grade levels and or geographic areas, and a related occupation not covered by the current memorandum."<sup>14</sup>

A final option for establishing more market-based compensation for agencies under Title 5 is to seek approval from OPM to establish personnel demonstration projects. These projects are authorized under Title VI of the Civil Service Reform Act and provide a structure for testing and introducing beneficial change in personnel practices. This is the vehicle through which an agency or organization obtains the authority to waive existing Title 5 law and regulations in order to propose and test interventions. Most agencies that have established demonstration projects have a pay banding component that allows for more market-based compensation.

Table 9 outlines suggested actions that competitive service agencies can take to use direct hire authorities and more market-based compensation.

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<sup>13</sup> United States Office of Personnel Management Memorandum, Subject: Special Salary Rates for IT Workers, Henry Romero, Associate Director for Workforce Compensation and Performance, November 3, 2000. (Hereafter, Romero memorandum.)

<sup>14</sup> Romero memorandum.

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
1. Change the delegated examining authority to eliminate the application of "rule of three" and veterans preference for direct hiring	OPM	6 months
2. Review the use of direct hire provisions for excepted service positions	Individual agency HR directors and senior officials	Concurrent with previous task - 2 months
3. Review the need for additional special salary rates for IT professionals, make special salary rate request to OPM if needed	Individual agency HR directors and senior officials	Concurrent with previous task - 2 months
4. Review options for and agency desire to establish a personnel demonstration project	Individual agency HR directors and senior officials	2 months after completion of previous task
5. Consider the advantages and disadvantages of developing personnel legislation similar to DCIPS to better meet national security hiring and compensation requirements	A National Security Interagency Coordination Group, to be established as recommended by the U.S. Commission on National Security/21 <sup>st</sup> Century <sup>15</sup>	Concurrent with previous tasks - 1 month

**Table 9. Implementation Matrix to Increase Use of Direct Hire Authorities and Market-based Compensation**

The first step for agencies in the competitive service category (i.e., those governed by Title 5) is to expand the effective use of direct hire authority. This will require OPM to eliminate the requirement to apply the "rule of three" and veterans preference in "shortage category" direct hires. For OPM to agree to authorize agency use of the direct hire authority, OPM may want to reserve the authority to define the shortage category occupations or locations. This delegation should allow agencies sufficient authority to make on the spot offers to highly sought after IT talent. In addition, those agencies that have excepted service positions should consider the advantages and disadvantages of making on-the-spot offers for highly sought-after IT professionals.

Since OPM recently released special salary rates based on market compensation for IT professionals, agencies should be able to make salary offers to IT applicants that are more in line with market rates. However, to ensure the ability to offer salaries that are commensurate with the market, agencies should review their specific needs and request additional special rates for IT professionals if unable to meet staffing goals. If agency officials do not feel that special salary rates can resolve staffing problems related to competitive compensation, they should consider establishing a personnel demonstration project. However, this decision should not be taken

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<sup>15</sup> The Commission has proposed creating a National Security Interagency Coordination Group to help OPM develop new provisions to improve recruiting and retention. The responsibilities of this Group are detailed later in this paper.

lightly. Demonstration projects involve considerable human and financial resources, including the cost associated with continuous evaluation.

If the individual agencies with national security missions find that the above actions cannot remedy their recruiting and retention problems, they should consider the possibility of requesting legislative authority similar to DCIPS, the personnel authority in 10 U.S.C. for the defense agencies in the Intelligence Community. This review could be undertaken by the National Security Interagency Coordination Group recommended by the U.S. Commission on National Security/21<sup>st</sup> Century to help OPM devise new retention and recruiting initiatives (and addressed later in this paper.) Such a review should address both the advantages and disadvantages of pursuing this legislative remedy.

***Use and expand OPM authorities to lift pay cap restrictions on former Civil Service and military IT professionals.***

Civilian and military retirees are often good candidates for national security positions that require senior IT expertise. However, the pay cap restrictions imposed by public law are a disincentive to employment with the federal government for retirees. Section 5532 of Title 5 United States Code placed caps on the amount of pay military and civilian federal retirees could receive if they were employed by the federal government after retirement. In essence, the law was designed to avoid situations where the combination of a retiree's annuity and civilian salary would total more than the Executive Level V salary. Federal retirees are not subject to this pay cap when they choose private sector employment. To help attract federal retirees with IT talent, the Commission endorses the recommendation of the Chief Information Officer (CIO) Council, a group of departmental and agency Chief Information Officers, to use and expand existing OPM authorities to lift pay cap restrictions on former Civil Service and military IT employees.

Upon agency request, OPM can grant a "dual compensation waiver," which allows agencies to lift these pay cap restrictions on a case-by-case basis [5 CFR part 553]. In October 1999, Section 651 of PL 106-65 repealed the reduction in pay for retired military personnel. Therefore, the pay cap is no longer a disincentive to former military employees and dual compensation waivers are now only required for civilian employees. Table 10 outlines actions for expanding the use of available authorities.

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
1. OPM should consider lifting dual compensation waivers for Civil Service retirees	OPM	6 months
2. Agencies should publicize that there is no pay cap restriction for military retirees and that the pay cap can be lifted for civilian retirees for critical positions	Individual national security agencies	Concurrent with previous task – 2 months and ongoing

**Table 10. Implementation Plan for Lifting Pay Cap Restrictions**

OPM should consider permanently lifting the dual compensation pay caps for civilian IT employees. This move would enable agencies to take advantage of the senior IT talent pool of civilian, as well as military retirees. In order to entice these retirees to return to federal service,

agencies must advertise the fact that dual compensation limits no longer apply to military retirees and can be lifted for civilian retirees. Many former federal employees left federal employment thinking that their pay would be reduced if they returned; they may be enticed back to government service once they are aware that pay caps no longer apply.

***Expand the Cyber Corps, whereby the U.S. Government pays for two years of a student's schooling in exchange for two years of IT service.***

For entry level IT talent, the Commission recommends expanding the newly authorized "Cyber Corps." The Cyber Corps is an outcome of the *National Plan for Information Systems Protection, An Invitation to a Dialogue* (January 2000) developed by the National Coordinator for Security, Infrastructure Protection, and Counter Terrorism.<sup>16</sup> This plan addressed the need for a cadre of trained computer science and information technology specialists. One of the programs in the plan calls for the creation of a Scholarship for Service (SFS) program and the development of a high school recruitment and training initiative. This initiative will fund up to 300 students per year in their pursuit of graduate or undergraduate degrees in the IT security field. In return, the students must agree to serve in the federal IT workforce for a fixed period following graduation.

Progress has been made in instituting this initiative, although its impact is still to be determined. The National Science Foundation (NSF) is currently offering grants to colleges and universities with the appropriate information assurance degree programs. Students will be selected for the scholarship program from the colleges and universities that win these grants. Program requirements and deadlines are published on the NSF website. Once the grants are awarded, OPM will advertise the program (OPM will make the final student selections.) The President's FY01 budget requested funding (\$11.2M) for approximately 100 students in the start-up year with a goal of 300 students in future years. The Commission believes that the "Cyber Corps" should be expanded to include not only information assurance programs, but also other computer science and IT programs as well.

Once students complete the program, they will be placed throughout the federal government in information assurance positions. The NSA is currently a key stakeholder in the program. Table 11 outlines steps to expand this program.

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<sup>16</sup> CIO Council, *Plan for Implementing the Federal IT Workforce Challenge Recommendations*, September 2000, p. 10.

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
1. Coordinate with and provide support to NSF, OPM, and CIAO in establishing and expanding the program <sup>17</sup>	National Security Agencies representatives	Immediately
2. Develop legislative proposal to increase funding for program	National Science Foundation	2 months
3. Coordinate legislative proposal with OMB and Congress and modify based on feedback obtained	National Science Foundation	1 month
4. Seek change in appropriations legislation	National Science Foundation	3 months

**Table 11. Implementation Matrix for Expanding Cyber Corps**

The first step national security agencies need to take to help expand the Cyber Corps is to become actively involved with the NSF, OPM, and the Critical Infrastructure Assurance Office (CIAO) in their development and management of this program. These agencies need to lend support to these organizations and make sure their interests are incorporated into the program. Representatives of affected national security agencies need to stress the importance of expanding the Cyber Corps to computer science and IT disciplines where shortages exist, in addition to information assurance programs.

NSF must then develop a budget proposal that increases funding for the program to fund Cyber Corps scholarships and work with members of Congress to support the proposal. Finally, NSF will need to modify the proposal based on OMB and Congressional input and seek a change in the appropriations language.

***Outsource IT support functions where appropriate.***

Where appropriate, the Commission believes agencies and departments should consider outsourcing IT functions to compensate for IT skill shortages. The NSA intends to do this for a portion of its non-mission IT needs, allowing NSA to focus its limited set of in-house IT expertise on developing and operating core intelligence technologies. The impetus for outsourcing may also emerge for other reasons (e.g., to upgrade or skip a generation of technology, to save operating costs and avoid capital costs). In any case it is important for an organization to establish the specific benefits it seeks before proceeding.

Table 12 suggests actions for outsourcing IT and other support functions where appropriate.

<sup>17</sup> CIAO refers to the Critical Infrastructure Assurance Office, an organization created by Presidential Decision Directive (PDD) 63 to coordinate the federal government's initiatives in critical infrastructure protection.

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
1. After identifying reasons that outsourcing may be advantageous, determine the potential benefits that might accrue by outsourcing	Cabinet Secretaries or agency directors giving direction to their CIOs	1 month
2. Determine the state of the IT workforce in-house and its adequacy (e.g., skills, number, and compensation) for the next five years' IT mission and workload	CIOs and appropriate IT workforce experts	3 months
3. Respond to OMB guidance on FAIR Act inventories and Circular A-76	Agency or department heads, delegating to CIOs	2 months
4. Conduct A-76 study, if appropriate, leading to either (1) outsourcing or (2) continued performance by a streamlined in-house IT workforce	CIO, with appropriate A-76 study support and training	9-12 months minimum
5. Provide training in contract management to staff to increase skill levels in order to oversee the quality, cost, and timeliness of products and services by third parties <sup>18</sup>	HR training managers in individual agencies	No later than two months before contract award
6. Provide change management support to ensure organizational and staffing shifts are understood and accepted	Line and HR managers, with appropriate expert support	Concurrent with previous task

**Table 12. Implementation Matrix for Outsourcing IT Support Functions Where Appropriate**

Agency and department heads should first task their Chief Information Officers with identifying agency mission-critical IT positions. Concurrently, CIOs should be tasked with identifying the potential opportunities and benefits of IT outsourcing. The CIOs need to firmly identify the goals of such a measure, which, as noted above, may include many factors at least as important as a gap in the available IT skills base. The CIO must also identify the subset of IT functions that are eligible for outsourcing. At the same time, positions that are "inherently governmental" need to be identified and sheltered from outsourcing. However, it must be noted that judgements in this regard, based on the same policy guidance (rooted in Office of Federal Procurement Policy Letter 92-1), result in remarkably different interpretations.

Once the appropriate functions are identified, they need to be mapped to current positions. This kind of analysis often lacks objectivity. It is critical that individuals with independence and objectivity perform this analysis. Sometimes, support from outside the agency is necessary to achieve this objectivity.

<sup>18</sup> The idea for this action comes from *Human Capital Meeting the Governmentwide High-Risk Challenge*, United States General Accounting Office, February 1, 2001, Testimony of David M. Walker, Comptroller General of the United States, p. 8.

After identifying the pertinent IT positions, the CIOs should review the requirements for personnel inventories laid out in the FAIR Act, as well as the study requirements pertinent to OMB Circular A-76.<sup>19</sup> In addition, officials should review their agencies' responses to the OMB Director's February 9, 2001 memorandum that addresses the importance of A-76 within an agency's GPR A Performance Plan. It is worth observing that the OMB Circular A-76 outlines a structured process designed to save money and provide the most effective service to the agency, and does not encourage outsourcing for its own sake.

If an A-76 study is deemed appropriate, the CIO needs to develop a plan of action and determine where the specialized and other resources for the study will originate. Many agencies use contract support for these studies because of their transitory nature, expertise requirements, and the needs for objectivity.

For those positions deemed inherently governmental, the CIO should assess how these functions can be made more efficient and effective. If there are opportunities there, an improvement-oriented study separate from the A-76 study should be considered. To ensure that a contract that may result from the A-76 process is well managed, agencies should rigorously train contract managers. This training should be timed so that the information is fresh when contract start is anticipated.

Finally, modified sourcing arrangements produce significant organizational changes, which need to be addressed through a concerted change management effort:

- The disposition of any staff displaced by outsourcing IT functions or simply streamlining them;
- The processes that link the contractor to the subject set of customers (e.g., service ordering, problem resolution); and
- The residual functions and organizational structure and staffing of the IT function.

All of these require attention, strong two-way communication and, other change management efforts with employees, as well as analytical work to implement the changes successfully.

### **c.) Establish an Interagency Coordination Group**

***Establish an interagency coordination group to help OPM develop new provisions.***

Finally, the Commission suggests that agencies with national security missions form an interagency coordination group. This group will work with OPM to develop innovative approaches and obtain further Civil Service flexibilities and authorities. In addition, the group

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<sup>19</sup> The FAIR Act refers to the Federal Activities Inventory Reform Act of 1998, which directs federal agencies to outsource or privatize all non critical, non inherently governmental functions and activities. OMB Circular A-76 describes the process agencies must follow to determine whether activities or functions can be outsourced.

can help facilitate the implementation of the Commission's recommendations within the various national security agencies. As these recommendations impact several agencies with various personnel systems, the group can serve as a central point for discussing implementation issues and strategies. The group should consist of human resources directors or their designees from each of the national security agencies, as well as representatives from OPM. The Commission believes the National Security Council should establish the interagency coordination group, decide who should head it, and provide guidance. The following table outlines actions for this group.

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
1. Convene an interagency coordination group for national security personnel	HR directors (or designees) for each agency, OPM representative	Immediate
2. Establish objectives, milestones and metrics for group; inform the National Security Council	HR directors (or designees) for each agency, OPM representative	1 month and ongoing
3. Review the applicability and limitations of existing recruitment and retention authorities; share best practices and lessons learned in recruitment and retention among agencies	HR directors (or designees) for each agency, OPM representative, CIO Council representative	2 months
4. Determine which new regulations are needed to improve recruiting and retention in the Civil Service; identify new provisions required for existing regulations; develop methods to expand the use of "limited scope" authorities	HR directors (or designees) for each agency, OPM representative	2 months
5. Work with OPM to draft regulatory language for new or revised authorities	HR directors (or designees) for each agency, OPM representative	3 months
6. Agency directors implement new regulations/authorities as appropriate	HR directors (or designees) for each agency	6 months

**Table 13. Implementation Matrix for Interagency Coordination Group**

The human resources directors (or designee) for each of the national security agencies and an OPM representative should form a national security personnel interagency coordination group to help OPM develop new personnel provisions. Intelligence community personnel could act as advisers and provide lessons learned in implementing recruitment and retention programs. This group, once convened, should identify specific objectives, milestones and metrics to ensure progress toward their goal. The group should coordinate with the National Security Council on its objectives and report progress on a regular basis.

To start, the coordination group must review existing recruitment and retention authorities. This review should include authorities specific to an agency as well as those for specific personnel systems. This review should specifically identify the limitations of current authorities. During the course of this action, agencies can use this opportunity to share best practices and lessons learned from their own organization's experiences. As a result of this review the group must determine which new regulations are needed to improve recruiting and retention in the Civil Service, identify new provisions required for existing regulations, and develop methods to expand the use of "limited scope" authorities. Individual agency evaluations of recruitment and retention regulations, authorities and programs should enable the group to make significant progress on this action in a fairly short time frame.

The group could assist OPM in developing regulatory language for new authorities or plans for expanding existing programs that do not require specific regulations. Once these authorities or programs are established, agencies should incorporate them into their recruitment and retention strategic plans.

**3. Process Chart.** Although Recommendation 42 may eventually result in changes to existing personnel processes, no immediate implications arise.

**4. Personnel Implications.** The Commission recommends increasing staffing levels by 10-15 percent to ensure a full complement of staff is available while personnel are away for professional education. This staffing increase will require justification by the agencies and departments to secure Congressional appropriations. The President and department heads must also give support and guidance for this initiative, emphasizing its importance to Congress.

The disposition of any staff displaced by outsourcing IT must be addressed. Agencies will want to ensure all IT employees are effectively placed in mission-critical positions. For example, NSA's Project Groundbreaker, in which NSA plans to outsource non-core IT positions, may displace up to several thousand current NSA employees.<sup>20</sup> Some of those employees will be retained to serve in core-IT functions. Others are being given the option of joining one of the private sector companies that win the contract. NSA understands the difficult situation that many of these workers will face and is including measures in its contract award that ensures these private sector firms hire displaced workers who want to work for these companies.

**5. Issues.** There are several relevant issues related to the Commission's recommendation for eliminating recruitment hurdles for the Civil Service, making the hiring process faster and easier, and designing professional education and retention programs worthy of full funding by Congress. These issues are briefly described below and discussed in greater detail in Section III:

- Addressing the personnel requirements of the national security Civil Service is a complex undertaking because the departments and agencies are governed by different personnel authorities. No one set of solutions will address all of the national security organizations' needs.

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<sup>20</sup> Verton, Dan, "Breaking the Mold, The National Security Agency Readies a Mega IT Outsourcing act in Hopes of Retooling Its Back-Office Information Systems," *Federal Computer Week*, 12/04/2000.

- Almost all of the recommendations concerning recruitment, retention, and career development require additional funding. Departments and agencies have been reluctant to fund some of these programs in the past. Congress and/or the White House may also be reluctant to fund these initiatives.
- In light of the recent attention raised by security incidents and complexities in changing security clearance procedures, agencies may be reluctant work on streamlining the security clearance process.
- Outsourcing is a difficult and time consuming approach. Recent reports of the NSA outsourcing project indicate the Agency has reduced the scope and foregone many of the original solutions and beneficial aspects. There is also a gap between the outsourcing goals and results in the Department of Defense.

## **B. Establish a National Security Service Corps**

**Recommendation 43:** *The Executive Branch should establish a National Security Service Corps (NSSC) to enhance civilian career paths, and to provide a corps of policy experts with broad-based experience throughout the Executive Branch.*

**1. Background.** The Commission, in its Phase II report, stated that "traditional national security agencies (State, Defense, CIA, NSC staff) will need to work together in new ways, and economic agencies (Treasury, Commerce, U.S. Trade Representative) will need to work closely with the national security community" to meet the requirements of the 21<sup>st</sup> century security environment. Better integration of these agencies in policy development and execution requires a human resource strategy that achieves the following objectives: expanded opportunities to gain expertise and to experience the culture of more than one department or agency; an assignment and promotion system that rewards those who seek broad-based, integrative approaches to problem solving instead of those focused on departmental turf protection; and the erasure of artificial barriers among departments.

The current Civil Service personnel system does not achieve these objectives because career civilians in the national security field rarely serve outside their parent agency. Establishing a National Security Service Corps would serve to broaden the experience base of senior managers and develop leaders skilled at producing integrated solutions to U.S. national security policy problems.

The Commission envisions the NSSC to be open to personnel in the higher grades, possibly GS-12 through the Senior Executive Service (SES) level. Individuals would apply to join the program and then seek to fill positions designated for the NSSC in participating agencies other than their own. If selected, NSSC participants would work at the new agency for a minimum of two years. Upon completion of the "tour," the NSSC participant would apply for a position at the same level or next level up within his or her parent agency.

Civil Service personnel involved in policy formulation and implementation from the Departments of Defense, State, Treasury, Commerce, Justice, Energy and the new National

Homeland Security Agency (NHSA) would participate in the NSSC.<sup>21</sup> These departments and the proposed NHSA are essential to interagency policymaking on key national security issues. Although the Commission believes the Foreign Service should remain separate from the NSSC, all policy positions at the Department of State's headquarters will be included in the rotational pool. At the same time, Foreign Service officers will be able to compete for NSSC positions in all the participating departments. The Commission also envisions giving NSSC personnel the ability to fill select positions in some overseas embassies and at military unified commands.

Intelligence community personnel would not be part of the NSSC in order to preserve the separation that exists between intelligence support to policy and policy-making. However, a limited number of NSSC positions should be created in interagency intelligence community centers such as the Non-Proliferation Center and the Counter-Terrorism Center.

**2. Implementation Blueprint.** Table 14 provides suggested actions for establishing the National Security Service Corps.

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<sup>21</sup> The Commission recommends creating a National Homeland Security Agency (NHSA) to address homeland security threats. See Recommendation 2 in the Commission's Phase III report: *Road Map*, and the implementation plan for this recommendation.

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
1. OPM convenes an interagency task force to study the implementation requirements of the NSSC	OPM	1 month
2. Agency and department heads and/or their chosen senior representatives meet as a task force to discuss NSSC issues and report findings to OPM	OPM and agency heads or senior personnel representatives of participating agencies	6 months
3. OPM should issue proposed directives describing the basic tenets of the NSSC	OPM	6 months after receiving task force report
4. OPM, after receiving comments, should issue final directives for NSSC establishment	OPM	3 months after issuing proposed regulations
5. Obtain agency buy-in to the concept of the NSSC and communicate the NSSC program to employees	Individual agencies	Begin immediately after the decision to establish the NSSC and continue throughout the duration of the program
6. OPM should establish and head an NSSC board with eligible national security agencies and departments	OPM and the heads of personnel and policy from eligible agencies and departments	Concurrent with issuing final regulations
7. Agencies need to identify policy positions to become NSSC positions	Individual agency heads of personnel	3 months after OPM issues final regulations
8. Agencies determine internal procedures for selecting staff to participate in the NSSC program	Individual agency heads of personnel with NSSC board guidance	3 months after OPM issues final regulations
9. Agencies establish guidelines for rotational assignments, professional training, promotion, and other issues	Individual agency heads of personnel with NSSC board guidance	6 months after OPM issues final regulations

**Table 14. Implementation Matrix to Establish a National Security Service Corps**

To initiate the NSSC, OPM should convene an interagency task force, chaired by the Director of OPM and composed of the heads of all participating agencies and departments and/or their chosen senior level policy and human resources representatives. The OPM Director may appoint an Assistant Director or other senior official to assist in the management of the Task Force. The purpose of the task force would be to:

- Formulate the goals of the NSSC;
- Resolve any issues regarding the feasibility of implementing the NSSC;
- Evaluate relevant Civil Service rules and regulations (e.g., limiting competition for positions to NSSC participants, requiring NSSC participation for promotion to certain positions);
- Create specific provisions of participating agencies and departments regarding a rotational program of this type;
- Establish a board to provide guidance and oversight for the program;
- Formulate interagency compacts and cooperative agreements between participating federal agencies and departments regarding: the establishment and function of the NSSC; incentives for individuals to join the Corps; professional education and training; and any other issues relevant to the establishment and continued operation of the NSSC.

One of the issues facing the task force will be the degree to which the Foreign Service should be included in the NSSC program. The Commission recommends that the Foreign Service remain separate from the NSSC; however, it envisions a close relationship between the Foreign Service and the NSSC. Foreign Service personnel could serve in NSSC positions and other NSSC participants could hold positions currently held by Foreign Service officers, eventually allowing the lines between the NSSC and Foreign Service to "blur."

The task force will provide compacts of the NSSC participants, as well as other pertinent findings and information to the Director of the Office of Personnel Management no later than six months after convening.

Within six months of receiving the NSSC task force report, OPM should issue a proposed directive, describing the basic tenets of the NSSC. The proposal should include a 60-day request for opinions by all stakeholders, especially personnel and policy experts from the eligible agencies and departments as well as other personnel experts in government and the private sector. After the 60-day comment period and allowing another 30 days to make any changes, OPM would issue a final directive establishing the NSSC. It should be noted that, in accordance with the Commission's opinion, no legislative action should be required to institute this program.

When the decision is made to create the NSSC and the NSSC interagency task force is convened, agencies must establish support for the NSSC initiative across the affected departments and agencies. Agency and department heads should be involved in the formation of NSSC and ensure that employees are involved in the NSSC program.

Concurrent with issuing final directives for establishing the NSSC, OPM should establish an NSSC board to include the heads of personnel and policy heads from the participating agencies and departments. To get different perspectives on rotational programs from those outside government, the board could also include personnel and policy experts from the private sector. The NSSC board, headed by OPM, would work with agencies and departments to

develop consistent policies for rotational assignments, professional education, and promotion. Guidelines for identifying positions would also be discussed, but final identification of positions as well as the criteria for selecting personnel who volunteer for the NSSC would be left up to the discretion of each individual agency or department. The Commission envisions that all policy positions in participating agencies and departments could ultimately be included in the NSSC. In developing NSSC guidelines and criteria, participating agencies should leverage the lessons learned from the Defense Department's Policy Career Development Program and other similar developmental programs that include the benefits of rotational assignments.<sup>22</sup>

The NSSC board should have the power to ensure that agencies and departments comply with the agreed upon rules and regulations. The NSSC board should also continue to offer guidance and ensure that agencies and departments participate equitably in the NSSC (e.g., designate adequate NSSC positions, provide professional education consistent with the needs of NSSC positions, etc.). The board would need to establish standards and criteria for the professional experience and education of NSSC members to ensure that all NSSC participants are fully qualified to perform their rotational assignments. The board should also delegate execution of professional education to the participating agencies and departments. Finally, the board should settle any disputes that arise between agencies.

The NSSC board will also need to address a number of issues while developing programs:

- Identify positions across participating agencies.
- Determine equitable benefits within the rotational system.
- Establish incentives to attract high-caliber personnel and rewards participation.

Agencies and department heads must ensure that prospective NSSC employees understand the benefits of joining the NSSC. Civil Service employees who plan or planned to serve in only one agency or department for their entire career must be shown the value of gaining experience in more than one agency. It will be incumbent upon agencies and the NSSC board to provide the correct guidance, promotion opportunities, professional development, and leadership to foster this cultural change. Limiting competition for selected positions to NSSC participants may require new OPM regulations since this practice is not currently allowed in the Civil Service.

With guidance from the NSSC board, agencies must decide how the NSSC program will be implemented by designating positions for NSSC members and establishing guidelines for rotational assignments. Identification of NSSC positions should be concluded three months after OPM issues its final directives. It is currently envisioned that a person who is selected to be a part of the NSSC will rotate to another NSSC position in another agency for at least two years.

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<sup>22</sup> The National Security Service Corps (NSSC) is modeled on the Policy Career Development Program (PCDP) and the Goldwater-Nichols Act. The Goldwater-Nichols Act requires military personnel to serve in Joint command positions for promotion to senior officer ranks. The Department of Defense's Under Secretary of Defense for Policy (USD(P)) set up the Policy Career Development Program to facilitate assignments for GS-12 through SES level personnel. In these one to two year rotational assignments, personnel can serve at the Departments of State, Energy, Justice, and Commerce, and on the NSC Staff.

After the tour, the NSSC member would compete for a higher NSSC position at his or her home agency or, if not promoted, return to a position at his or her same level. Rotations to other departments and interagency professional education would be required in order to hold certain positions or be promoted to certain levels.<sup>23</sup> An increase in agency end-strengths by 10-15 percent to allow for critical professional education would provide the float necessary for senior managers to allow employees to attend training. Provisions would need to be established to guarantee participants the opportunity to return to a similar position at their parent agency at the same grade level or higher as when they left to pursue an NSSC assignment elsewhere.

Agencies should determine internal procedures for selecting staff to participate in the NSSC program. This should take place concurrent with identification of NSSC positions. Agencies must strike a careful balance between the career fulfillment and utility that rotational positions will provide and the need for agency and department experts who can ensure the continuity necessary for mission fulfillment. Managers must buy into the idea that allowing policy personnel to gain knowledge from other agencies will ultimately allow those personnel to leverage that knowledge to the benefit of the home agency and the nation's national security goals. The NSSC also will provide career mobility that some Civil Service personnel desire and chances for promotion that may not be presently available.

Agencies should establish guidelines for rotational assignments, professional training, promotion, and other issues within six months after OPM issues its final regulations. Agencies must decide on the types of particular professional training that will benefit NSSC participants so they will be prepared for their rotational assignments and future promotions.

**3. Process Chart.** The NSSC will establish a new process of personnel rotations among national security agencies. The details of this process, however, require further definition before a chart depicting this process can be developed.

**4. Personnel Implications.** To backfill the positions of NSSC workers who are attending professional training, agency end-strengths should be increased by 10-15 percent to compensate for personnel away at professional education training or at a rotational assignment (See Recommendation 42 (A) 3 in this report).

**5. Issues.** The key challenge of the NSSC program is to provide a challenging career advancement path for national security professionals in the government. This program must establish incentives to attract highly qualified personnel, and create a set of metrics to track the success of the program. Current civil service promotion systems do not favor rotation of personnel across government departments and agencies.

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<sup>23</sup> For example, departments might designate that personnel must hold one assignment outside his or her parent department in order to become a member of the SES and another such assignment to be promoted to SES-4. [SES pay scales are numbered one through six. An additional rotation is suggested for promotion to SES-4 because this is the pay grade at which many SES members serve during their final tours, when they generally have the highest level of responsibility for interagency activities.]

### III. ISSUES, OPPORTUNITIES, CHALLENGES

Many in the federal government understand that the Civil Service must act immediately to recruit and train personnel with the skills necessary to meet the requirements of the 21<sup>st</sup> century. The Commission's recommendations focus on this immediate need for improving the Civil Service. A number of specific issues will need to be addressed in order to fulfill the Commission's recommendations. These issues are discussed below:

- First, additional Congressional appropriations are required to implement many of the Civil Service recommendations.
- Second, it will be challenging to clearly define each of the program requirements for the national security organizations within the context of different governing personnel authorities.
- Third, changing security clearance procedures is complex and will be difficult to implement.
- Fourth, outsourcing government functions is a challenging and complex process.
- Fifth, "buy-in" from both agencies and participants must be obtained in creating an enduring NSSC program.

These issues and strategies to address them are discussed below.

#### A. General Description

**1. Obtain Additional Congressional Appropriations.** Many of the Commission's recommendations require additional monetary and human resources to be implemented. They require additional funds to maximize recruiting options; lift pay cap restrictions on former government employees; increase staffing levels 10-15 percent to maintain a training "float"; and expand the Cyber Corps program. The fact that the agencies involved are governed by several appropriations bills complicates this request. An added difficulty is that several of the organizations are small agencies within larger departments that may not consider national security their primary mission.

To obtain funding, strong Presidential support will be required for this overarching program. Each agency or department would have to prepare its own budget justifications for many of these recommendations, especially the 10-15 percent increase of staffing levels to maintain a training "float" and additional funds to maximize recruiting options. The other recommendations that require additional funding could be requested individually. The budget increases will require substantial top-down support from the Executive Branch.

**2. Implement Programs for Agencies with Different Personnel Authorities.** A primary challenge national security agencies face in implementing the Commission's recommendations is to define clearly each of the suggested programs. Of particular difficulty is developing Civil Service programs for agencies that are governed by different personnel authorities. As discussed in the section on direct hire authority and market compensation, these agencies are governed by at least three types of personnel authorities. This fact impacts the parameters of the programs that can be developed. The national security agencies must work together to define programs that meet their unique needs and work within their human resources framework.

However, this requirement presents an opportunity for coordinating and integrating the human resources policies and procedures of agencies and departments with national security missions. Traditionally, agencies operate very independently within the national security community. The community will need to work together in new ways to achieve the Civil Service objectives. This type of collaboration holds a great opportunity for building and maintaining the highest quality workforce.

**3. Streamline the Security Clearance Process.** Addressing the Commission's suggestion to streamline the security clearance process is complex, and this recommendation may encounter resistance as a result. First, re-coding positions may increase the perceived risk for security breaches. Thus, agencies and departments may be reluctant to consider making significant changes in streamlining the clearance process or re-coding positions because of recent high-profile security breaches.

Second, there is a plethora of systems for coding positions among national security agencies. Each agency has the authority to determine the level of security clearance positions warrant and the individual methods for coding positions' clearance requirements. Achieving a uniformly streamlined clearance process may be difficult as a result.

Finally, the recommendation may encounter resistance based on specific cultural attitudes and other issues relating to security within each agency. Each agency has its own ideas and cultural biases regarding the extent to which classified material needs to be safeguarded. In addition, re-coding positions may be more difficult if the physical layout of buildings used by agencies and departments prevents separating personnel holding different levels of security clearances.

**4. Outsource.** Outsourcing government functions is a challenging process because of issues involving employee outplacement, contract management, and realizing cost savings. There are two primary issues of which agencies need to be particularly mindful when considering IT outsourcing. Initially, agencies need to establish goals they hope to achieve through outsourcing. There are a number of possible outcomes from outsourcing, including cost savings, reducing the government "brain drain," and realizing a technology upgrade. The outsourcing plan must be designed to accomplish the specific goals the agency wants to achieve, including positioning its limited pool of Civil Service IT talent in functions critical to the mission of the agency. If careful planning does not occur up front, the agency is unlikely to achieve its desired outcomes.

In addition, outsourcing is a profound change for any organization. For example, outsourcing affects customers by introducing new service providers, it displaces employees, it

creates a need for restructuring an organization, and it introduces a new culture in ways as simple as having new faces in the hallways. As such, agencies that undertake outsourcing should incorporate change management efforts from the beginning.

#### **5. Building Support for the NSSC Program from Both Agencies and Participants.**

The key challenge of the NSSC program is to identify enough interesting and challenging positions to attract participants, at the same time ensuring that managers have knowledgeable and experienced support while their employees are on NSSC rotations. If neither of these issues is addressed, managers will not allow or encourage their top staff to participate in the program and potential participants will not want to enroll in or continue with the program. To address the situation, the NSSC program must be structured to include a sufficient number of rotational positions while leaving enough support for managers.

An additional challenge is equal participation from agencies. The program will not work, for example, if one agency rotates its people out but does not take other agencies' employees. For the program to be successful, each agency must identify a comparable number of positions for the NSSC. Department and agency leaders must buy into the concept of the NSSC and make a commitment to equal participation for the program to be effective.

Ultimately, the success of the NSSC and other rotational assignments will also depend on continuing oversight that ensures that pay, promotion potential, and opportunities are fair and equitable.

#### **B. Issues and Suggested Approaches**

Table 15 presents issues related to implementing the USCNS Civil Service recommendations and some of the possible approaches for effectively dealing with them.

<b>Issue</b>	<b>Approach</b>
1. Obtain additional appropriations	<p>The President must be the catalyst for funding by including Civil Service hiring, compensation, and retention improvements in his agenda to Congress.</p> <p>Agencies can collaborate on some funding initiatives as a group, but others can only be addressed by each agency seeking higher appropriations.</p>
2. Define programs for agencies with different personnel authorities	<p>The Civil Service interagency coordination group can serve as a forum to discuss these issues, share best practices, and build stronger ties between the national security agencies.</p> <p>The coordination group should develop metrics for these programs that measure success from a variety of perspectives and regularly monitor performance.</p>
3. Streamlining the security clearance process	<p>Study lessons learned from successful implementations of clearance process streamlining.</p> <p>Conduct risk assessments to determine the security risks involved in re-coding positions outweigh changes in the security clearance process.</p>
4. Address outsourcing challenges	<p>Develop a business case for outsourcing that addresses specific outcomes.</p> <p>Incorporate change management efforts into the process from the beginning.</p>
5. Create "buy-in" for the NSSC program from both agencies and participants	<p>Obtain buy-in and a written commitment to participate in the NSSC program from each national security agency.</p> <p>Structure program to include an adequate number of rotational positions while leaving adequate support for manager.</p> <p>Provide program oversight that ensures pay, promotion potential, and opportunities are fair and equitable.</p>

**Table 15. Issues and Approaches for Civil Service Reform**

#### **IV. IMPLEMENTATION MEANS**

No executive order, Presidential directive, or legislative authority is needed to support the Civil Service recommendations related to recruiting and retention.

## V. PERSONNEL IMPLICATIONS

This section contains personnel implications resulting from implementation of the recommendations laid out in this plan.

The Commission recommends increasing staffing levels of national security departments and agencies by 10-15 percent to ensure a full complement of staff is available while personnel are away at training. This staffing increase will require justification by the agencies and departments and Congressional appropriation. The President and department heads must also give support and guidance for this initiative and stress its importance to Congress.

The disposition of any staff displaced by outsourcing IT functions or simply streamlining must be addressed. Many agencies will want to ensure all employees are effectively placed in mission-critical positions. For example, NSA's Project Groundbreaker, in which NSA plans to outsource non-core IT positions, may displace up to several thousand current NSA employees.<sup>24</sup> Some of those employees will be retained to serve in core-IT functions. Others are being given the option of joining one of the private sector companies that win the contract. NSA understands the difficult situation that many of these workers will face and is including measures in its contract award that ensures these private sector firms hire displaced workers who want to work for those companies.

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<sup>24</sup> Verton, Dan, "Breaking the mold, The National Security Agency Readies a Mega IT Outsourcing Pact in Hopes of Retooling Its Back-office Information Systems," *Federal Computer Week*, 12/04/2000.

## **VI. APPENDIX**

**APPENDIX A:  
IMPLEMENTATION BLUEPRINT MATRIX**

Recommendation	Implied Subtask	Responsibility	Implementation Timeline
<b>Personnel: Building Human Capital</b>			
<b>The Civil Service</b>			
42. The President should order the elimination of recruitment hurdles for the Civil Service, ensure a faster and easier hiring process, and see to it that strengthened professional education and retention programs are worthy of full funding by Congress.			
42.(A) Recruiting, Hiring, Retaining, and Training			
1. Significantly increase recruiting programs through programs like the National Security Education Act, which will link educational benefits to a service requirement	OPM takes the lead on a nationwide recruiting campaign	OPM	Immediate
	Agencies identify recruitment needs and develop plans to recruit college students using existing and new recruitment tools	Heads of recruiting at individual agencies	3 months
	Agencies recruit at college recruitment fairs and use outside recruitment firms as necessary	Recruiting departments at individual agencies	Ongoing after completion of previous step
	Congress enacts the NSSTEA	Congress	1 year
	Congress provides additional funding for the NSSTEA and expansion of the NSEA	Congress	FY03 budget
2. Revamp the security clearance process to provide for more efficient and timely processing of job applications	Consult with Congress about establishing an Executive-Legislative Commission to streamline the security clearance process	White House and OPM	Immediate - 3 months
	Obtain authorization and funding for the Commission and any supporting staff	White House	FY03 budget

<b>Recommendation</b>	<b>Implied Subtask</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
	Appoint security clearance policy experts to take part in the Commission	Congress and Executive Branch	Upon Congressional authorization for Commission and appropriations of operating funds
	Report on findings and recommendations for streamlining the security clearance process	Commission	6 months from inception of Commission
	Using Commission recommendations, make legislative or executive level changes to the security clearance process	White House, Congress, OPM	6-12 months after Commission report
	Agencies and departments involved in the security clearance process or holding positions requiring security clearances implement the changes recommended by the Executive-Legislative Commission	Individual agencies and departments	Upon Congressional, OPM, and/or Presidential authorizations
	Heads of agencies and departments that require security clearances review positions for re-coding; establish guidelines/criteria for this review	White House	3 months and concurrent with initial consultations with Congress
	Agencies review security clearance requirements and identify those positions that could be re-coded	Senior managers in individual agencies	4 months
	Review identified positions and authorize re-coding as appropriate	Agency head or senior security manager at each agency	6 months after re-coded positions are identified

Recommendation	Implied Subtask	Responsibility	Implementation Timeline
	If necessary, make legislative or executive level changes for the purpose of improving the process of re-coding positions	White House, Congress, OPM	Ongoing
3. Provide additional funds to maximize agencies' options in recruiting and retaining high-quality personnel	Establish guidance and fiscal parameters for a review of the effective use of recruitment and retention authorities	OMB	1 month
	Agencies review funding requirements for the effective use of recruitment and retention authorities	HR directors and senior agency officials	3 months
	Establish performance metrics for each of the recruiting and retention authorities	HR directors and senior agency officials	Concurrent with previous task
	Agencies adjust budget submissions to reflect funding requirements for using recruitment and retention authorities	HR directors and senior agency officials	2003 budget cycle
	Work with members of Congress to establish the need for additional funds	OPM, individual agencies	Immediately following previous task
	Work with department officials, OMB, and Congress to modify the budget and develop appropriations language	HR directors, senior agency officials individuals responsible for budget preparation	2003 budget cycle
4. Increase agency end-strengths by 10-15 percent to allow for critical professional education	Establish consistent and replicable procedures for individual agencies to review ongoing professional education and training curricula	Agency director, training or HR director, line managers	2 months
	Review existing professional education and training curricula including courses, seminars, workshops, and tutorials	Agency training director	3 months after completion of previous task
	Consolidate findings and rank order existing courses by relevance and criticality	Training director and key supervisors	2 months after completion of above

<b>Recommendation</b>	<b>Implied Subtask</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
	Identify mandatory courses in functional topics, languages, leadership, and management	Agency director, training or HR director, with line managers	2 months after completion of previous task
	Define learning mastery that must be met for promotion or advancement to supervisory positions	Same as above	Concurrent with previous task
	Develop structure for rotating personnel through training effectively, coupled with potential for distance learning, resulting in a minimal negative impact on mission	Same as above	2 months after completion of previous task
	Determine ideal levels and occupations for the 10-15 percent additional personnel (allowing for that proportion of the overall service to be in training at any given time)	Same as above	Concurrent with previous task
	Identify budget increase necessary to support training float	Same as above	1 month after completion of previous task
	Develop business case for increased budget and staffing request	Same as above	1 month after completion of previous task
	Develop plan for communicating changes to employees	Same as above	Ongoing throughout the process
<b>42.(B) Secure and Retain IT Talent</b>			
1. Use existing and seek additional authorities to allow direct hiring and provide for more market-based compensation	Appoint a DCIPS Ombudsman for all personnel centers that service intelligence agencies	Intelligence agency directors	1 month
	Conduct a study to determine which IT positions need to be paid at market-based salaries	DCIPS ombudsmen and HR directors	2 months

<b>Recommendation</b>	<b>Implied Subtask</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
	Establish programs (including direct hire authorities and market-based compensation) that take full advantage of the flexibility afforded under Titles 10 and 50	DCIPS ombudsmen and HR directors	3 months
	Develop a guidance document that outlines flexible programs and how to implement them for personnel specialists and managers	DCIPS ombudsmen and HR directors	3 months
	Conduct a major organization change effort that fully educates personnel specialists on the flexibility under Titles 10 and 50 and prepares them to provide appropriate guidance to managers	Intelligence agency directors, DCIPS ombudsmen, and HR directors	6 months
	Establish metrics to track success	Intelligence agency directors, DCIPS ombudsmen, and HR directors	1 month
	Create and appropriately staff one personnel center that services all DCIPS clients	Intelligence agency directors	2 years
2. Use and expand the Office of Personnel Management authorities to lift pay cap restrictions on former Civil Service and military IT professionals	Change the delegated examining authority to eliminate the application of the "rule of three" and veterans preference for direct hiring	OPM	6 months
	Review the use of direct hire provisions for positions in the excepted service	Individual agencies HR directors and senior officials	Concurrent with previous task – 2 months and ongoing
	Review the need for additional special salary rates for IT professionals, make special salary rate request to OPM if needed	Individual agency HR directors and senior officials	Concurrent with previous task – 2 months
	Review the options for and agency desire to establish a personnel demonstration project	Individual agency HR directors and senior officials	2 months after completion of previous task

Recommendation	Implied Subtask	Responsibility	Implementation Timeline
	Consider the advantages and disadvantages of developing personnel legislation similar to DCIPS to better meet national security hiring and compensation requirements	A National Security Interagency Coordination Group, to be established as recommended by USCNS/21	Concurrent with previous tasks – 1 month
3. Expand the Cyber Corps, whereby the U.S. government pays for two years of a student's schooling in exchange for two years of IT service	Coordinate with and provide support to NSF, OPM, and CIAO in establishing and expanding the program	National Security Agencies representatives	Immediately
	Develop legislative proposal to increase funding for program	National Science Foundation	2 months
	Coordinate legislative proposal with OMB and Congress and modify based on feedback obtained	National Science Foundation	1 month
	Seek change in appropriations legislation	National Science Foundation	3 months
4. Where appropriate outsource IT support functions	After identifying reasons that outsourcing may be advantageous, determine the potential benefits that might accrue by outsourcing	Cabinet Secretaries or agency directors giving direction to their CIOs	1 month
	Determine the state of the IT workforce in-house and its adequacy (e.g., skills, number, and compensation) for the next five years' IT mission and workload	CIOs and appropriate IT workforce experts	3 months
	Respond to OMB guidance on FAIR Act inventories and Circular A-76	Agency or department heads, delegating to CIOs	2 months
	Conduct A-76 study, if appropriate, leading to either (1) outsourcing or (2) streamlined in-house IT workforce	CIO, with appropriate A-76 study support and training	9-12 months minimum

Recommendation	Implied Subtask	Responsibility	Implementation Timeline
	Provide training in contract management to staff to increase skill levels in order to oversee the quality, cost, and timeliness of products and services by third parties	HR training managers in individual agencies	No later than two months before contract award
	Provide change management support to ensure organizational and staffing shifts are understood and accepted	Line and HR managers, with appropriate expert support	Concurrent with previous task
42.(C) Interagency Coordination Group			
Establish an interagency coordination group to help OPM develop new provisions	Convene an interagency coordination group for national security personnel.	HR directors (or designees) for each agency, OPM representative	Immediate
	Establish objectives, milestones and metrics for group; inform the National Security Council	HR directors (or designees) for each agency, OPM representative	1 month and ongoing
	Review the applicability and limitations of existing recruitment and retention authorities; share best practices and lessons learned in recruitment and retention among agencies	HR directors (or designees) for each agency, OPM representative, CIO Council representative	2 months
	Determine which new regulations are needed to improve recruiting and retention in the Civil Service; identify new provisions required for existing regulations; develop methods to expand the use of "limited scope" authorities	HR directors (or designees) for each agency, OPM representative	2 months
	Work with OPM to draft regulatory language for new or revised authorities	Agencies HR directors (or designees), OPM representative	3 months

Recommendation	Implied Subtask	Responsibility	Implementation Timeline
	Agency directors implement new regulations/authorities as appropriate	HR directors (or designees) for each agency	6 months
43: The Executive Branch should establish a National Security Service Corps (NSSC) to enhance civilian career paths, and to provide a corps of policy experts with broad-based experience throughout the Executive Branch.	1. OPM convenes an interagency task force to study the implementation requirements of the NSSC	OPM	1 month
	Agency and department heads and/or their chosen senior representatives meet as a task force to discuss NSSC issues and report findings to OPM	OPM and agency heads or senior personnel representatives of participating agencies	6 months
	OPM should issue proposed directives describing the basic tenets of the NSSC	OPM	6 months after receiving task force report
	OPM, after receiving comments, should issue final directives for NSSC establishment	OPM	3 months after issuing proposed regulations
	Obtain agency buy-in to the concept of the NSSC and communicate the NSSC program to employees	Individual agencies	Immediately after decision to establish the NSSC and throughout program
	OPM should establish and head an NSSC board with eligible national security agencies and departments	OPM and the heads of personnel and policy from eligible agencies and departments	Concurrent with issuing final regulations
	Agencies need to identify policy positions to become NSSC positions	Individual agency heads of personnel	3 months after OPM issues final regulations
	Agencies determine internal procedures for selecting staff to participate in the NSSC program	Individual agency HR with NSSC board guidance	3 months after OPM issues final regulations

<b>Recommendation</b>	<b>Implied Subtask</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
	Agencies establish guidelines for rotational assignments, professional training, promotion, and other issues	Individual agency heads of personnel with NSSC board guidance	6 months after OPM issues final regulations

**Road Map for National Security  
Addendum on Implementation**



**Military Personnel Implementation Plan**

*Prepared for the U.S. Commission on National Security/21<sup>st</sup> Century*

## Executive Summary

The Military Personnel reforms discussed in this section must be viewed as part of an overall national campaign to enhance the prestige of government service. The primary objective of the Commission's recommendations on military personnel is twofold: to re-establish the covenant between those who serve in uniform and the nation, and to modernize personnel systems which are largely premised on Cold War manpower assumptions. In order to accomplish these two objectives, the Commission recommends major modifications to the recruitment, career management, and military service reward systems in order to recruit and retain a high quality force. Improvements must be made in enlistment, commissioning, career management, compensation, benefits, and retirements to make military service rewarding and competitive with the Civil Service and the private sector. While these systemic changes will increase the likelihood of retaining a qualified force, two other major tools (not discussed in this plan) are required to aid recruitment of that force: 1) an expanded and enhanced National Security Education Act (NSEA) and 2) the creation of a National Security Science and Technology Education Act (NSSTEA).<sup>1</sup> These acts would provide college scholarships or school loan repayments in exchange for service. The implementation of these two acts are integral to the Commission's overall approach to military personnel reform. Aside from the recruitment acts, Table 1 summarizes the two other recommendations concerning military personnel, which are reviewed in this plan.

<b>USCNS/21<sup>ST</sup> CENTURY RECOMMENDATIONS<sup>2</sup></b>
44. Congress should significantly enhance the Montgomery G.I. Bill, as well as strengthen recently passed legislation supporting veteran's benefits—including transition, medical, and home ownership—for qualified veterans.
45. Congress and the Defense Department should cooperate to decentralize military personnel legislation dictating the terms of enlistment/commissioning, career management, retirement, and compensation.

**Table 1. Summary of Recommendations**

The U.S. military faces recruitment and retention problems. Even with significant force reductions, it has been unable to recruit sufficient numbers of personnel with the needed technical skills and abilities. Too many key personnel, some with unique and valuable skills, are leaving the military in advance of retirement or at the earliest possible retirement points. Rigid career management, retirement and pay systems constrain the Services' ability to make the necessary changes to recruit and retain a quality force. Promotion and retention authority, together with pay, benefit, and retirement systems, are too inflexible to compete with private industry or even with the Civil Service workforce. Although each Service has unique human requirements, the military personnel system is essentially "one size fits all" that is centrally controlled and managed. Furthermore, military benefits, such as the Montgomery G.I. Bill and Veterans' benefits, have not kept pace with the economic realities.

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<sup>1</sup> Recommendations 11 and 39 from *Road Map for National Security: Imperative for Change*, the U.S. Commission on National Security/21<sup>st</sup> Century (USCNS/21)'s Phase III report, posted on January 31, 2001 at [www.nssg.gov](http://www.nssg.gov), and published on March 15, 2001. All references are based on the published version. (Hereafter cited as *Road Map*.)

<sup>2</sup> Ibid. Recommendations addressed in this implementation plan are extracted from *Road Map*.

Enactment of all Commission military personnel recommendations will establish the tools and authority for service secretaries to recruit and retain quality personnel from all walks of American life.

# IMPLEMENTATION PLAN: MILITARY PERSONNEL

## I. READER'S GUIDE

This reader's guide provides an introduction to the content and layout of this implementation plan.

### A. Background

The Charter of the United States Commission on National Security/21<sup>st</sup> Century (USCNS/21) directed the Commission to include implementation concepts for its recommendations as part of its final report.<sup>3</sup> This document provides those concepts for Recommendations 44 and 45 pertaining to Military Personnel.

While the Commission envisioned a bold pathway to achieve national security goals, none of its recommendations will succeed without a qualified workforce able to carry out these mandates. As stated in the Commission's third report, *Road Map for National Security: Imperative for Change*, "[I]f we allow the human resources of government to continue to decay, none of the reforms proposed by this or any other national security commission will produce their intended results." Unless changes are made in the military personnel systems, the military will continue to experience rapid turnover, a brain drain as the workforce reaches retirement age, and increased inability to recruit and retain qualified personnel willing to serve.

The Commission's recommendations on military personnel focus on four areas: enhancing the professionalism of the Armed Services, changing recruitment methods, changing promotion systems, and revamping the retirement system.

### B. Scope of Implementation Plan

This implementation plan identifies steps to be taken to implement the Commission's recommendations. The plan also highlights issues raised by the recommendations, including challenges in implementing them, and provides guidelines to facilitate implementation. Throughout the plan, tables are used to simplify presentation, and the format remains the same for each recommendation to facilitate comparisons.

Besides the enhanced NSEA (described separately) and the creation of the NSSTEA the first recommendation in this section focuses on enhancing the Montgomery G.I. Bill and Veterans Affairs (VA) benefits under Title 38 of the U.S. Code. The second recommendation concerns decentralizing military personnel legislation dictating the terms of enlistment/commissioning, career management, retirement, and compensation. Five specific sub-recommendations fall under this second recommendation:

- Revise the Defense Officers Personnel Management Act of 1980;
- Revise 1999 National Defense Authorization Act (Retirement);
- Revise US Code Title 37 (Compensation);

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<sup>3</sup> USCNS/21 Charter, July 1998 is contained in Appendix 2 of *Road Map*.

- Revise 1974 Aviation Career Incentive Act; and
- System Integration of Reserve, Guard and Active Duty personnel systems.

To obtain the necessary support, top-level leadership needs to acknowledge that current systems are not working; indeed, that the very systems that brought them to their leadership positions are no longer effective. These recommendations raise a variety of issues for implementation, especially the recommendation on decentralization. The Commission recommends changing traditional centralized military personnel systems that date back to 1947 and earlier, and replacing them with decentralized systems and new paradigms such as pay for performance, two-track career systems, special pay rates for some personnel, new promotion regulations, and a revamped retirement system.

Congress will need to enact legislation to implement these recommendations. An implementation strategy that enlists the support of affected parties in Congress, the Executive Branch, veterans groups, and active duty personnel, will be instrumental in furthering the necessary legislation. In addition, specific strategies need to be developed to address the necessary support for additional funding to target selective pay incentives, bonuses, and retirement options, as well as to enhance VA and G.I. Bill benefits. Finally, the policy of "grandfathering" personnel already receiving retirement and veterans' benefits is integral to success of such strategies.

Each of the two recommendations has the ability to stand alone on its own merits. However, it is the combination of the enhanced NSEA and the recommended NSSTEPA together with the two recommendations presented here, that offers the greatest potential for recruiting and retaining the best military force. Many of the sub-recommendations require pilot testing before final decisions can be made on implementation. This will require participation from the military (such as pilots or nurses) in the design of limited tests, analysis of the results, and development of implementation plans for wider usage. Therefore, final legislation, especially in reforming DOPMA, should be postponed until completion of the demonstration projects and analysis of their results is completed. Section III provides a more detailed analysis of these issues, opportunities and challenges.

### **C. Implementation Plan Layout**

Section II of this plan presents a blueprint for implementing the Commission's recommendations pertaining to Military Personnel. Section II.A describes actions that could be taken to achieve the objectives laid out in recommendation 44; it identifies responsibility for those actions and provides a notional timeline for each action. Section II.B describes actions needed to achieve the objectives laid out in recommendation 45 and provides a notional timeline for each action. Appendix A includes a matrix summarizing the information in this section.

Section III describes issues, challenges, and opportunities raised by the recommendations and presents potential courses of action to address them.

Section IV describes means by which the recommendations can be implemented. Draft legislative language to implement these recommendations is not included since these recommendations need to be researched more thoroughly and strategies need to be implemented to obtain buy-in by the stakeholders.

Section V describes implications for the personnel affected by these recommendations, including personnel transfers, reclassification, and training.

Section VI contains two appendixes. Appendix A includes a matrix summarizing the information in this implementation plan. Appendix B proposes a draft Executive Order directing Executive Branch departments to establish a Military Personnel Reform Committee (MPRC) under Department of Defense leadership.

## II. IMPLEMENTATION BLUEPRINTS

In addressing those Commission's recommendations which specifically impact military personnel, the President should establish by Executive Order a Military Personnel Reform Committee (MPRC) to function under the Chairmanship of the Secretary of Defense. The MPRC will make recommendations, draft legislation, coordinate testing and monitor implementation of improved personnel systems that will ensure the very highest quality personnel continue to serve our nation in uniform. The Chairman of MPRC would report to the Office of the President on an annual basis.

### A. Establish a Personnel Policy Coordinating Committee

Table 1 provides an implementation blueprint for establishing the Military Personnel Reform Committee to direct and oversee the activities of the designated subcommittees.

Actions	Responsibility	Implementation Timeline
1. A Presidential Executive Order (EO) establishes the MPRC with Secretary of Defense as Chairman to assess, recommend, and monitor implementation of an improved personnel system for the military.	President	60 days
2. The Secretary of Defense acting as Chairman of the MPRC coordinates and conducts its meetings.	Secretary of Defense	90 days
3. MPRC charters subcommittees to analyze current policies and corresponding legislation; review and further develop Commission recommendations.	Military Personnel Reform Committee	45 days

**Table 1. Establishment of Military Personnel Reform Committee (MPRC)**

By the direction of the President, the Secretary of Defense would act as Chairman of the MPRC and be tasked to study military personnel issues concerning recruitment, retention, and career management throughout the Armed Services. Besides the MPRC Chairman, committee members would include the Chairman of the Joint Chiefs of Staff, the Secretaries of Veterans Affairs, Army, Navy, Air Force, the Commandant of the Coast Guard, and other personnel as determined by the Secretary of Defense. The Committee will report ongoing efforts to the Office of the President on a regular basis, but not less than annually.

### B. Enhance the Montgomery G.I. Bill and Service Benefits

**Recommendation 44:** *Congress should significantly enhance the Montgomery G.I. Bill, as well as strengthen recently passed legislation supporting veteran's benefits—including transition, medical, and home ownership—for qualified veterans.*

**1. Background.** The military is experiencing difficulty recruiting and retaining quality people. While recruiting costs have risen by nearly one-third over the last four years, Department of Defense (DoD) quality indicators of those enlisted have declined by 40 percent. The G.I. Bill has proven to be a strong recruitment incentive and, like Title 38 (VA Benefits), an important reward for military service. However, these benefits have not kept pace with current recruitment incentives in the corporate or civilian sector. In light of the military's current recruitment and retention challenges, the Commission has recommended that the G.I. Bill's entitlements be modified to make it a stronger recruitment tool and reward for military service.

The Commission recommended enhancing the G.I. Bill by having entitlements equal the median tuition costs of four-year colleges; indexing payments to keep pace with tuition inflation; accelerating full-term payments to recipients; extending the period of usage from 10 to 20 years; supporting technical training alternatives; not requiring payments or cost sharing from Service members; making benefits transferable to dependents after the Service member serves 15 years on active duty; and carrying a sliding scale for up to full benefits for Reservists called to active duty for overseas contingency operations. The Commission also recommended enhancing VA medical, home ownership, and transition benefits.

**2. Implementation Blueprint.** In order to implement the Commission's recommendations for enhancing the Montgomery G.I. Bill and Title 38, U.S.C., the MPRC should establish a subcommittee composed of representatives from the Departments of Veterans Affairs and Defense. The subcommittee should more fully develop this recommendation, working with the House and Senate Committees on Veterans Affairs to develop appropriate legislation or provide support for pending legislation. Table 2 provides an implementation blueprint for recommendation 44, showing actions required, responsibility, and a notional implementation timeline.

Both the G.I. Bill and VA benefits have traditionally been considered rewards for military service, and were seen as more lucrative than any comparable benefits offered for civil service or in the private sector. Because of this perception, they have been excellent recruitment and retention incentives in the past. The suggested improvements and enhancements to these benefits will strengthen this tool and make it relevant for the 21<sup>st</sup> century.

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
1. Designate a subcommittee to analyze current policies and legislation; develop plan for improvements, including alternatives, costs, funding sources, and "grandfathering" issues	Military Personnel Reform Committee (MPRC)	45 days
2. Report back to MPRC for advice and guidance; make appropriate changes to plan based on comments; gain approval from interagency MPRC	VA-led subcommittee	Bi-monthly
3. Identify and verify costs with the Office of Management and Budget (OMB), if needed	Subcommittee	90 days
4. Prepare draft legislation, if needed	Subcommittee and Congressional liaison office of VA	45 days
5. Implement legislation when passed	VA, DoD	Within one year following passage unless otherwise specified in the law

**Table 2. Implementation Matrix for Recommendation 44: Enhance G.I. Bill and Benefits**

The MPRC should establish a subcommittee designated to study the recommendations made by the Commission, and review current law and policy concerning the G.I. Bill and Title 38. Members of this subcommittee should currently be involved in implementing the G.I. Bill, veterans' health, transition benefits, and VA loan/home ownership policy, *inter alia*. The subcommittee should include members from the Departments of Veterans Affairs, Defense, Education, and Health and Human Services (HHS).

The subcommittee should review current policy and legislative language and the Commission's report to begin focusing efforts on possible improvements. While Table 3 shows relatively recent efforts, there have been many older studies and efforts that provide background for the subcommittee to use as a foundation for its work. Working closely with Congressional staff already involved in pending legislation, the subcommittee should identify stakeholders (including current Service members, personnel who have recently retired or separated from the Service, health care providers, and insurers) and develop strategies for dealing with each of these interest groups. One strategy would be the development and implementation of communications plans to satisfy, or at least address, stakeholder needs. Very vocal stakeholders include Veterans of Foreign Wars (VFW), American Legion, and other veterans' groups that have their own agendas and whose support for legislation would be critical. In the case of active duty and retired/separated military, stakeholder management could take the form of focus groups or surveys to involve the personnel who will benefit most from the changes, and use their input to craft specific recommendations. As the beneficiaries of the system, they could be a useful source for specific areas that need improvements to make the Montgomery G.I. Bill and Title 38 more attractive to current and future military personnel. This involvement would help create buy-in and encourage efforts by non-active duty personnel to lobby Congress.

Congressional interest in these recommendations is high and bills advocating similar positions were introduced in the 106<sup>th</sup> and 107<sup>th</sup> Congresses. Representative Christopher Smith (R-NJ), Chairman of the House Committee on Veterans Affairs, and Representative Bob Stump

(R-AZ), Chairman of the House Armed Services Committee, propose introducing bills to increase the ceilings for payments of tuition and fees under the Montgomery G.I. Bill. Senator Max Cleland (D-GA) is a strong proponent of increased G.I. Bill and VA benefits. In the last Congress, he introduced S.495, an amendment to the FY00 Defense Authorization Bill that would have permitted service members to transfer their Montgomery G.I. Bill entitlement, in whole or in part, to qualified dependents. The amendment was not included in the final bill. The table below illustrates actions currently pending in Congress relative to the Commission's recommended enhancements.

<b>Recommendation</b>	<b>H.R. 320</b>	<b>H.R. 801</b>	<b>S. 131</b>
<b>Enhance the G.I. Bill by having entitlements equal the median tuition costs of four-year colleges; index G.I. Bill payments to keep up with tuition inflation</b>	Amends Chapter 30 of Title 38 by adding Section 3043: Payment of Enhanced Educational Assistance by adding "the Secretary shall pay to the educational institution providing a course under an approved program of education to an eligible individual under this subchapter who is enrolled in the course the actual cost of tuition and fees otherwise payable by the individual. Such cost may not exceed the amount charged to similarly circumstanced non-veterans."	Amends Section 3015 of Title 38 by making the monthly stipend "equal to the average monthly costs of tuition and expenses for commuter students at public institutions of higher education that award baccalaureate degrees." The amount of the stipend would be determined before the beginning of each fiscal year and take into account tuition and fees, the costs of books and supplies, the costs of board, transportation costs and other nonfixed educational expenses.	Amends federal veterans benefits provisions to change the amount of monthly veterans' educational assistance allowance to an amount equal to the average monthly cost of tuition.
<b>Accelerate full-term payments to recipients</b>	Amends Section 3014 of Title 38 by adding "an individual entitled to basic educational assistance under this subchapter may elect to receive an accelerated payment of the basic educational assistance allowance."	N/A	N/A
<b>Extend eligibility from 10 to 20 years</b>	N/A	N/A	N/A

<b>Recommendation</b>	<b>H.R. 320</b>	<b>H.R. 801</b>	<b>S. 131</b>
<b>Support technical training alternatives</b>	Amends Section 3542(c) of Title 38, by expanding the definition of “educational institution” to include training for technological occupations offered by vocational schools, correspondence schools, state-approved alternative teacher certification programs, training required for certification in a vocation or profession in a technological occupation and other institutions furnishing education for adults.	Amends Section 3452(c) of Title 38, by including courses to fulfill requirements for the attainment of a license or certificate generally recognized as necessary to obtain, maintain, or advance in employment in a profession or vocation in a technological occupation.	N/A
<b>Do not require payments or cost sharing from Service members</b>	Amends Section 3011 of Title 38 by removing the requirement of a reduction in basic pay for eligibility of Montgomery G.I. Bill entitlement	N/A	N/A
<b>Make benefits transferable to dependents after the Service member serves 15 years on active duty</b>	N/A	N/A	N/A
<b>Carry a sliding scale for up to full benefits for Reservists called to active duty for overseas contingency operations</b>	N/A	N/A	N/A

Recommendation	H.R. 320	H.R. 801	S. 131
<p><b>Enhance medical, home ownership and transition benefits</b></p>	<p>N/A</p>	<p>Title 1, Section 201 of this Act provides for increase in transition assistance. The Act amends Section 7722(d) of Title 38, stipulating the “Secretary shall provide such aid and assistance to members of the Armed Forces as part of their transition assistance programs under section 1144 of Title 10”; amends Section 7723(a) to include Veterans Assistance Offices in transition assistance and amends Section 7724 to include military installations.</p>	<p>N/A</p>

**Table 3. Pending Legislation on the Montgomery G.I. Bill and VA Benefits**

As this subcommittee develops plans and policies, it should consult with the Military Personnel Reform Committee for advice and guidance. The subcommittee should prepare a formal report with specific recommendations. After gaining MPRC approval for these recommendations, the subcommittee, in conjunction with the Office of Management and Budget (OMB), should determine costs involved for implementing proposed enhancements. Additionally, the subcommittee should prepare draft legislation, if needed, in accordance with department protocols. The final step is the departmental preparation of a final legislative package that is forwarded to Congress. The subcommittee would implement any resulting legislation through appropriate regulations and organizational changes, as needed. The VA subcommittee that designed the legislative package could be assigned responsibility for implementation.

**3. Process Implications.** There are no immediate procedural implications raised by this recommendation.

**4. Personnel Implications.** The subcommittee that conducts the initial analysis and works closely with Congress on pending legislation should be composed of senior-level officials drawn from the Department of Veterans Affairs, the Department of Defense and other departments and agencies, as necessary. Additional support and liaison from DoD may be needed in identifying focus group members or survey participants, and in developing legislative strategy and testifying before Congress.

The Commission's recommendations involve extending and increasing existing benefits; therefore, the same personnel who currently manage these policies and programs within the VA may be able to manage the enhanced programs as part of their current workload. However, if it is anticipated that a significantly larger number of veterans would take advantage of these enhanced programs, or the programs substantially increase management requirements, additional personnel might be necessary to administer them. It is likely that Congressional committees of jurisdiction would ask Administration officials testifying in support of the legislation for estimates on personnel increases. Therefore, determining required staff increases should begin immediately, since legislation is already pending before Congress.

### C. Decentralize Military Personnel Legislation

***Recommendation 45: Congress and the Defense Department should cooperate to decentralize military personnel legislation dictating the terms of enlistment/commissioning, career management, retirement, and compensation.***

**1. Background.** The Department of Defense faces enormous challenges in meeting recruitment and retention goals due to difficulties with promotion, compensation, and benefits for its military personnel. In fiscal year 1998, the proportion of new, high-quality recruits ranged from 57 percent in the Army to 74 percent in the Air Force. The trend in the proportion of high quality accessions has been declining since 1993.<sup>4</sup> This is particularly disturbing, since today's military environment requires people with greater technical skills and aptitudes.

Recruitment and retention difficulties may be due to a combination of factors, some of which are external to the military, such as a booming economy and the availability of jobs in the civilian sector. Yet, some are internal, such as a decrease in military benefits, high personnel tempo (PERSTEMPO), and other quality of life issues. While DoD already has chartered a working group (Retention Working Group) reporting to the DASD (Military Personnel Policy) to address enlisted forces retention issues, the Commission believes that significant changes need to be made to the systems used for recruitment, retention, promotion, and compensation.

To this end, the Commission recommended that specific legislation be changed to permit flexibility in the personnel systems affecting pay, promotion, retention, and retirement. House Resolution 9, introduced in Congress in 1999, expressed the "sense of Congress that a comprehensive effort is required to revitalize and sustain the all-volunteer force and address the decline in quality of life for members of the Armed Forces and their families" and specifically recommended a pay raise for the military.

The Commission provides some suggested actions concerning specific legislative acts that require revision, and recommendations for increasing cooperation and movement between systems. These suggestions are represented in the following sub-recommendations. Following this discussion, implementation blueprints for all of the sub-recommendations will be shown in Section C.2.

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<sup>4</sup> 25<sup>th</sup> Annual DOD Report on Social Representation in U.S. Military Services. High school diploma graduates who score in the top 50% on the AFQT, categories I through IIIA are considered high quality, according to this report.

**Sub-recommendation 45(a): *Revise The Defense Officers Personnel Management Act (DOPMA) to provide Service Secretaries increased authority to selectively exempt personnel from "up-or-out" career paths, mandatory flight assignment gates, the double pass-over rule, mandatory promotion and officer/enlisted grade sizes, the mandatory retirement "flowpoints" by grade, and active duty service limits. The individual Services should be funded to test alternative career and enlistment paths that are fully complemented by modified compensation, promotion, and retirement/separation packages.***

Generally, DOPMA requires all of the Services to conform to the same rules, regulations, and quotas, despite differences in Service-specific needs and missions, availability of qualified personnel, and recruitment and retention rates.

Certain regulations govern the amount of time personnel are allowed to remain in service. Usually, an officer must retire or be separated if he/she has been passed over for promotion twice, reached age 55, or reached the mandatory retirement date (expressed as years of service) for his/her grade. (Exceptions to these guidelines apply to those eligible for selective early retirement or those specifically selected for continuation on a case-by-case basis.) Commonly referred to as the "up or out" system, it is partially based on the need for a young, vigorous military force on the battlefield. As modern warfare has changed, the need for raw unsophisticated manpower has decreased in all of the Services, and in many career fields. Experienced and knowledgeable personnel are effective warfighters in today's environment.<sup>5</sup> The Commission recommends extending the possibility of alternative career paths for experienced personnel in certain career fields (without expectation of promotion), at the discretion of the Service secretary. Prime examples of such a policy would include specialists in the fields of logistics, acquisition, and information technology, but many other specialties may also be tested.

The Commission also believes that some individuals who are not interested in higher command and upper level enlisted supervisory duties might be content becoming "career specialists." These personnel could remain at lower rank levels for a full career, rather than be forced out at mandatory retirement "flowpoints" by grade and active duty service limits, if allowed to do so. If current legislation and policies were changed, these individuals could be extended up to or beyond 30 years if appropriate and qualified. This option would be especially attractive if systemic changes were made to reward subject matter expertise and experience rather than enforcing the "up or out" policy. In addition to policy changes, a merit pay system could help achieve this change.

The Army, in its "Leveraging Human Resources in the 21<sup>st</sup> Century" report, stresses that there should be a commitment "to recognize different parts of an organization that employ different strategies and need human resource management systems tailored to their needs."<sup>6</sup> In that document, the Army recommends "seek[ing] legislative authority to tailor the personnel

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<sup>5</sup> "Envisioning the Future of Naval Service, Planning Assumptions for 2020," [http://www.chinfo.navy.mil/navpalib/people/assistsecnav/asn\\_mra/becraft/hrm21/envis.html](http://www.chinfo.navy.mil/navpalib/people/assistsecnav/asn_mra/becraft/hrm21/envis.html).

<sup>6</sup> *Leveraging Human Resources in the 21<sup>st</sup> Century*, found at [www.perscom.army.mil/opmsxxi](http://www.perscom.army.mil/opmsxxi)

management systems to the particular needs of different parts of the organization." The Air Force has also recognized that "there are numerous paths to success within each career field" and attempts to offer their officer corps careers tailored to individual needs.<sup>7</sup>

Alternative career/enlistment paths could include dual tracks of command and specialist personnel. Specialists could stay at the O-4 or E-6 level, for example, with variable pay dependent on quality of performance. Specialists (as opposed to command track personnel) would more often receive merit pay, based on experience and seniority, to compensate for fewer promotion opportunities compared to those in command tracks.

Command supervisory track personnel could be offered faster promotion opportunities than specialists, since they would be given leadership and supervisory duties, but less merit pay. There is some precedent for alternative pay scales. For example, currently, Medical Corps officers are paid on a different pay scale than are other officers, based on their advanced degrees and the acknowledged difficulty in recruiting doctors. Widespread use of this system would allow the expansion of alternative pay scales to include other occupational specialties requiring advanced degrees, or skills for which the private sector pays a premium (e.g., information technology specialists).

Some support for these recommendations already exists among national security experts. For example, in *A Bipartisan Report to the President-Elect on Foreign Policy and National Security*, Frank Carlucci, Robert Hunter, and Zalmay Khalilzad have recommended that

[the] Department of Defense ... consider a variety of options [including]: increase compensation across the board; overhaul the compensation system, targeting it at the most pressing problems; or restructure military careers. Some combination of all these options may be required. However, even targeted increases need to be supplemented by other tactics to increase the flexibility of the military compensation system to allow it to respond rapidly to changes in the civilian economy and in military personnel requirements. Such tactics might include special bonuses to increase retention of critical personnel, separation pay and tax-sheltered retirement savings plans to allow more flexible retirement schedules, and additional recruiting resources to attract new types of recruits.<sup>8</sup>

A RAND study<sup>9</sup> of various options to increase recruitment and retention concluded that targeted pay raises to senior personnel and enlistment bonuses provided the most cost-effective means to meet recruitment and retention goals.

**Sub-recommendation 45(b): *Revise the 1999 National Defense Authorization Act to permit testing of a conversion of the defined benefit systems to a partial defined contribution system, as well as early vesting schedules and other progressive alternatives to the current military retirement system. Allow the Services to shape modified retirement plans to complement alternative career paths and specialty service.***

<sup>7</sup> *Officer Career Path Guide*, 16 November 2000, found at [www.afpc.randolph.af.mil](http://www.afpc.randolph.af.mil).

<sup>8</sup> Carlucci, Frank, Robert Hunter, and Zalmay Khalilzad, *A Bipartisan Report to the President-Elect on Foreign Policy and National Security*, MR-1306-RC, 2000 (RAND), pp 38-39.

<sup>9</sup> Asch, Beth J. and James R. Houck, *Rand Report on Military Compensation: Trends and Policy Options*, RAND, 1998.

The current retirement system for the military is an “all or nothing” system.<sup>10</sup> Personnel must stay on active duty for at least 20 years to receive any retirement pay.<sup>11</sup> A modified system, which would allow “vesting” at 10 years, for example, would permit personnel to work for the military for 10 years, leave the military, and then at age 55 or 62, receive a retirement package based on their 10 years of service. Personnel who chose to make a career in the military would be offered retirement packages after 20, 25, 30, or 35 years of service. Currently there is no monetary reward for staying in the military much past 20 years; at 26 years officers receive their last full longevity raise. The system is designed to entice personnel to leave at 20 years with half pay. If personnel serve beyond 20 years, the difference in compensation is only 50 percent. They would receive 50 percent of their pay if retired; if they continue to serve, they receive their full pay, which is only 50 percent greater than their retirement pay would have been, plus any bonuses or promotions occurring after 20 years.

A recent effort to augment retirement annuities was the 2000 extension of the Civil Service Thrift Savings Plan (TSP) to active duty personnel. Once TSP takes effect in 2002, personnel will be given the option of investing up to 5 percent of their basic pay and any amount from special pay, incentive pay, and bonuses (up to a current Internal Revenue Service [IRS] limit of \$10,500 total per year) in a self-directed investment program run by the Federal Government. The Secretary of Defense is permitted to establish retention incentives that allow matching funds, up to 5 percent of pay, for a 6-year service commitment.

Actual participation in the plan does not start until 2002, thus it would be premature to suggest that the military Services are receptive to a self-funded supplemental system until the system has been in effect for some time. Moreover, it will not be possible to assess the impact of this plan for several years. However, TSP is a step toward some form of contributory retirement plan to supplement the primary retirement system.

**Sub-recommendation 45(c): *Revise U.S. Code Title 37 (Compensation) to correct immediately the pay compression of senior NCOs in all the Services and test merit pay systems and alternative pay schedules based on experience, performance, and seniority.***

This recommendation recognizes inequities in the current system, whereby non-commissioned officers (NCOs) at the E-8 level, for example, receive less than three times the basic pay of an E-2, and it acknowledges the importance of senior non-commissioned officers. Targeted pay raises for lower or mid-level personnel have caused a compression of the pay table, resulting in this pay inequity for E-8 personnel. Correcting the pay table and/or instituting merit pay systems that give additional pay for expertise and experience would reward senior enlisted personnel for their years of experience and subject matter knowledge.

Generally, an E-2 has less than two years of service and little experience or job knowledge. An E-8 in any of the Services typically has 12-15 years (or more) of service; is an

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<sup>10</sup> The current non-vested retirement system is unique to the military. Private sector and civil service retirement systems (since the inception of the Federal Employees Retirement System in the mid-1980s) are portable systems.

<sup>11</sup> The Selective Early Retirement option, in effect during the "active force drawdown" period from 1992-1999, permitted a Service member with more than 15 years of service, but less than 20 years, to retire. This option is no longer in effect.

expert in a particular career field; serves as a second level supervisor; and has significant duties and responsibilities. Despite the value of their service to the nation, E-8s receive less than three times the basic pay of enlisted personnel who have recently entered the Service, have few skills, and much less experience. At various points in the past, E-8s received approximately seven times the basic pay of E-2. The Commission believes that current pay tables are an anomaly, counterproductive and require targeted revision.<sup>12</sup>

**Sub-recommendation 45(d): *Revise U.S. Code Title 37 (Compensation) to allow Service Secretaries discretion concerning continued flight pay for pilots undergoing non-flying career-broadening billets by modifying the 1974 Aviation Career Incentive Act.***

The purpose of what is commonly called the "gate" system was to ensure that personnel receiving the Aviation Career Incentive Pay (ACIP) were professional aviators serving in aviation assignments and to ensure that the Services were receiving an appropriate return on flight training investments. However, by requiring aviators to spend the majority of their careers flying, the Services keep them from developing the broad joint perspective and skills necessary to become senior leaders, unless they give up their flight pay. In other words, pilots under the current system are penalized by the loss of flight pay if they do not fly. But, in order to undertake career broadening assignments that will enable them to provide increased value to their Service and thus to the nation, they must take non-flying jobs.

Although pay is not the only reason for pilot retention problems, the pay gap between commercial pilots and military pilots is extremely wide, and also causes many pilots to leave the Services at the earliest possible separation point. A GAO report dated March 2000, showed that "The Air Force reported that the cumulative continuation rate among pilots (the likelihood that pilots who complete 6 years of service would go on to complete 11 years) dropped 41 percent from 1995 through 1998 (from 87 to 46 percent). Similarly, the Navy reported that cumulative aviation continuation rates decreased from about 50 percent in 1996 to about 32 percent in 1998.

Continuation rates among mid-career pilots decreased 5 percent in the Air Force and 2 percent in the Navy when comparing 1998 with 1996-97."<sup>13</sup> Flight pay helps to offset the differential between commercial pilot pay scales and military base pay. Thus, if an officer must choose to sacrifice flight pay to take assignments that are prerequisites to attaining senior levels within their Service, the lure of commercial aviation may prove irresistible. As discussed earlier, giving Service Secretaries discretion in continuing incentive pay to officers undergoing career broadening experiences is a retention tool in itself that goes hand-in-hand with the purpose of the Aviation Career Incentive Act of 1974.

**Sub-recommendation 45(e): *Reconcile a new DOPMA system (active duty) with ROPMA (Reserves), with the Technician Act (1968), the Guard AGR Act (National Guard), and with Civil Service personnel systems to facilitate and encourage increased movement among branches.***

<sup>12</sup> It is noteworthy that total compensation packages, including housing allowance and rations that are usually available to E-8s but not to E-2, bring total compensation package for an E-8 to a ratio closer to 5:1 over E-2 package.

<sup>13</sup> GAO/NSIAD-0060 "Military Personnel Report," dated March 2000.

An interagency committee should be formed to develop this concept, but the thrust of the recommendation is to enhance recruitment and retention across all systems, and recognize that federal service can be expressed in many ways: through uniformed service, civil service, or a combination of the two. Reconciliation of the various personnel systems could be as far-reaching as developing career paths that extend from active duty service to civil service to reserve service; providing authority for the President to appoint civilians to active duty at any time, or to simply provide a mechanism (as suggested in the Navy's Strategic Human Resources Management blueprint<sup>14</sup>) whereby the personnel systems of the community members (civilian, active duty, reservists, guardsmen) remain separate, but the policies and practices become congruent. Depending on the recommendations the interagency committee develops, changes to Title 10, military personnel and pay regulations, Title 5, civilian personnel regulations, and DoD and other agency Appropriations Acts could be necessary.

**2. Implementation Blueprint.** To address these sub-recommendations, the MPRC should establish subcommittees to study the sub-recommendations in depth and recommend improvements to military personnel systems and benefits as a means of recruiting and retaining high quality forces.

Although the Commission divided recommendation 45 into five sub-recommendations, they are interdependent, and actions to improve one sub-recommendation would impact the other sub-recommendations. Therefore, the Military Personnel Reform Committee should establish subcommittees that address more than one sub-recommendation. For example, sub-recommendations 45(a), (b), (d) directly impact sub-recommendation 45(e), and vice versa. If specific aspects of DOPMA, the Aviation Career Act and the 1999 National Defense Authorization Act are changed (concerning recruitment, retention, career management and retirement), then reconciling military personnel systems with civilian personnel systems (sub-recommendation 45(e)) will be affected. Because sub-recommendations 45 (a), (b), and (d) concern changing several aspects of military personnel systems, they are treated similarly in developing an implementation plan. The blueprints highlight actions required, responsibility, and a notional implementation timeline. Implementation timelines in all tables are sequential, unless otherwise noted.

**a. Implementation Blueprint for Sub-Recommendations 45(a), (b), and (d).** Table 4 provides an implementation blueprint for establishing a MPRC subcommittee designated to address sub-recommendations 45(a), 45(b) and 45(d), revising DOPMA, the 1999 National Defense Authorization Act, and the 1974 Aviation Career Incentive Act.

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<sup>14</sup> See footnote 5.

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
1. Establish a DoD-led subcommittee designated to analyze current policies and legislation concerning DOPMA, 1999 National Defense Authorization Act, and 1974 Aviation Career Incentive Act and system integration.	Military Personnel Reform Committee	45 days
2. Prepare a plan for improvements (including implementation plans for appropriate demonstration projects)	DoD-led Subcommittee	365 days
3. Report back to MPRC for advice and guidance; make appropriate changes to plan based on comments; gain approval from MPRC	DoD-led Subcommittee	Quarterly
4. Identify and verify costs with OMB	Subcommittee	90 days
5. Prepare draft legislation to implement plan	DoD-led Subcommittee and Congressional liaison office of DoD	60 days
6. Send legislative package to Congress for introduction and passage	DoD	Immediately following above action
7. Implement legislation when passed	DoD	Within one year following passage unless otherwise specified in the law
8. Evaluate results of demonstration projects	Military Personnel Reform Committee, Subcommittee, personnel specialists within DoD	On-going efforts and intensively after demonstration project concludes
9. Recommend to Secretary of Defense any changes to demonstration projects and/or whether they should be expanded to entire Service or DoD-wide	Military Personnel Reform Committee, subcommittee	9 months after conclusion of demonstration project

**Table 4. Implementation Blueprint for Sub-Recommendations 45(a), (b), (d) Revise DOPMA, Revise 1999 National Defense Authorization Act, and Revise 1974 Aviation Career Incentive Act**

The MPRC should establish a subcommittee designated to study the recommendations made by the Commission, and review current law and policy concerning DOPMA, the 1999 Defense Authorization Act and Title 37, U.S.C., Career Aviation Act. Members of this subcommittee should be senior-level personnel currently involved in implementing the recruitment, retention, retirement and pay systems of the military, *inter alia*. The subcommittee should report back regularly to the MPRC for input, guidance and approval. Any work done by the subcommittee should be coordinated with the other subcommittee designated to address sub-recommendation 45(e).

Once established, the subcommittee should review current policy and legislative language and the Commission's report to focus its efforts on possible improvements. It should identify stakeholders (including current service members, personnel who have recently retired or separated from the service, veterans' groups, such as Retired Officers Associations) and develop strategies for dealing with each of these interest groups. One important part of this strategy will be the development and implementation of a communications plan to satisfy, or at least address, stakeholder concerns. For example, in the case of active duty and retired/separated military, stakeholder management could take the form of focus groups or surveys that involve the personnel who will be most affected by the changes, and use their input to craft specific recommendations. As users of these systems, they can be a good source for specific areas that need improvements to make the pay, retention, recruitment, and promotion systems attractive to current and future military personnel. By involving them in the process, they also may become natural allies of DoD in the attempt to push the legislation through Congress.

After the subcommittee has developed a plan with specific recommendations (including identification and design of demonstration projects) and in conjunction with the Office of Management and Budget, it should determine costs involved for implementing proposed enhancements. Additionally, the subcommittee should prepare draft legislation, if needed. When required legislation becomes law, the Department of Defense and the individual Services would implement the legislation through appropriate regulations and organizational changes, as needed. The subcommittee could be assigned responsibility for implementation.

Since the legislation would create demonstration projects only, the subcommittee should continue its work by monitoring the demonstration projects. Once demonstration projects are complete, the subcommittee and MPRC should evaluate the results, and then recommend to the Secretary of Defense whether the demonstrations should be expanded DoD-wide and/or Service-wide. If such a recommendation is made, new legislation should be crafted and the legislative process implemented again.

**b. Implementation Blueprint for Sub-Recommendation 45(c).** Sub-recommendation 45(c) deals with an anomaly in the current pay system. Actions to correct this anomaly are straightforward and should not pose any problems in implementation. Table 5 provides an implementation blueprint for sub-recommendation 45(c), revising Title 37 of the U.S. Code to correct pay compression of senior NCOs.

Actions	Responsibility	Implementation Timeline
1. Establish a subcommittee designated to coordinate with the Quadrennial Review on Military Compensation (QRMC); to support the work of the QRMC, specifically in the area of E-8 compensation	Military Personnel Reform Committee	45 days
2. Provide support to the QRMC, as needed	Subcommittee	120 days
3. Implement legislation when passed	DoD	Within one year following passage unless otherwise specified in the law.

**Table 5. Implementation Blueprint for Sub-Recommendation 45(c)  
Revise U.S. Code Title 37 to Correct Pay Compression of Senior NCOs**

The Military Personnel Reform Committee should establish a subcommittee designated to study the recommendations made by the Commission and coordinate with members of the Quadrennial Review of Military Compensation (QRMC) to develop a more equitable basic pay scale for E-8 personnel. As work proceeds, the subcommittee and the Quadrennial Review members should consider what impact a change to E-8 basic pay will have on E-9 personnel, and make changes to E-9 pay accordingly. The Quadrennial Review members are tasked with developing pay policy and schedules, working with OMB to estimate the costs of the recommendations, and preparing appropriate legislation to be sent to Capitol Hill. The Eighth Quadrennial Review in 1997 adopted a more inclusive perspective of compensation and focused greater emphasis on underlying principles and concepts, seeing compensation as one portion of a strategic human resources initiative. The Ninth Quadrennial Review, in progress, appears to be focusing its efforts on smaller, more timely reports on various pay issues as they arise through the course of the year. Enlisted pay issues are one of the areas being studied. Top enlisted personnel from each Service serve on an advisory panel, headed by the Deputy Assistant Secretary of Defense (Military Personnel Policy). The subcommittee could work with the QRMC members to ensure attention is focused on the current E-8 pay inequities and report back to the interagency task force for guidance and approval.

**c. Implementation Blueprint for Sub-Recommendations 45(e).** Table 6 provides an implementation blueprint for sub-recommendation 45(e), reconciling DOPMA, ROPMA, the Technician Act, the Guard AGR Act, and the Civil Service personnel systems.

<b>Actions</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
1. Establish a subcommittee to develop policy and procedures to reconcile various personnel systems	Military Personnel Reform Committee	45 days
2. Report back to MPRC for advice and guidance; make appropriate changes to plan based on comments; gain approval from MPRC.	Subcommittee	Quarterly, during course of study
3. Identify and verify costs with OMB	Subcommittee	90 days
4. Prepare draft legislation, if needed	Subcommittee	90 days
5. Implement legislation when passed or implement regulations when signed	DoD, OPM, and any other agencies affected	Within one year following passage unless otherwise specified in the law

**Table 6. Implementation Blueprint for Sub-Recommendations 45(e)  
Reconcile DOPMA, ROPMA, Technician Act, Guard AGR Act, and Civil Service  
Personnel Systems**

Sub-recommendation 45(e) proposes changes to both military and civilian personnel systems and, once fleshed out, has the potential to affect the entire federal workforce. If sweeping changes are made to all the systems, separate subcommittees should be formed to outline the specific personnel policy changes required and to develop legislation and/or regulations necessary to implement these changes.

The Military Personnel Reform Committee should establish a subcommittee designated to study and review current law and policy concerning personnel policies of the uniformed services and civil service. Members of this subcommittee should be senior-level personnel

currently involved in implementing the personnel systems of the military, including the Reserves and National Guard as well as active duty and civilian personnel systems. The subcommittee should also include appropriate staff from the Office of Personnel Management, who will represent the civilian personnel systems.

Once established, the subcommittee should review current policy and legislative language and the Commission's report to identify feasible options. It should identify stakeholders (including active duty, Reservists, guardsmen, civilian employees) and develop strategies for dealing with each of these interest groups. After the subcommittee has developed specific recommendations and decided on the scope of the overlap desired between systems, it should report its findings to the MPRC for approval of its recommendations.

The subcommittee, in conjunction with OMB, should determine costs involved for implementing proposed enhancements. If separate pay schedules remain in effect, costs should be minimal in implementing this recommendation. If the systems, including pay, are combined, then additional oversight will be required and costs could increase in order to implement the recommendations.

The subcommittee should prepare draft legislation in accordance with department protocols in order to implement its recommendations. If the subcommittee determines that legislation is not needed, it should use the same basic procedure to produce appropriate departmental regulations and policy changes and to implement them throughout the military and civil service bureaucracies. Congressional efforts are already underway to address this issue. Senate Concurrent Resolution 17, introduced in the 107<sup>th</sup> Congress, expresses “the sense of Congress that there should continue to be parity between the adjustments in the compensation of members of the uniformed services and the adjustments in the compensation of civilian employees of the United States.”

The Department of Defense, the Services, and the Office of Personnel Management should implement the recommendations whether mandated by legislation or departmental regulation. The subcommittee could be assigned responsibility for leading and monitoring implementation efforts and studying the results.

**3. Process Implications.** There are no immediate process implications from these recommendations.

**4. Personnel Implications.** The various subcommittees of the Military Personnel Reform Committee that would conduct the initial analyses and develop the legislative packages should be composed of senior-level officials drawn from the Department of Defense, and other departments and agencies as necessary. Support and liaison from the various Services may be needed in identifying focus group members or survey participants and in developing legislative strategy and testifying before Congress.

The Commission's recommendations involve decentralizing current regulations and policies at the DoD level; therefore, the personnel who currently manage these policies and programs would be required to manage multiple programs, requiring additional oversight and personnel. Each Service may need additional personnel to manage the Service-specific programs. Additionally, the scope of the other systemic changes to the personnel systems

recommended by the various subcommittees will have an impact on personnel requirements. If the respective subcommittees make minimal changes to the system, then the subcommittees themselves could accomplish much of the work. If the subcommittee recommends large-scale changes to the current systems, then additional personnel may be required to develop and implement new systems. It is likely that Congressional committees of jurisdiction would ask Administration officials testifying in support of the legislation for estimates on personnel increases. Therefore, determining required staff increases should begin simultaneously with development of the legislative packages.

The Commission's recommendations also call for an adjustment of pay schedules. Additional personnel should not be required to manage this change. The same personnel who currently administer pay systems would make the necessary changes to the system and maintain their current workload under the new pay schedule.

### III. ISSUES, OPPORTUNITIES, CHALLENGES

The recommendations on military personnel are efforts to change personnel systems, benefits, and aspects of the military culture itself to attract and retain a high quality military force for the 21<sup>st</sup> century. In order to implement these recommendations, certain issues need to be addressed, opportunities seized, and challenges overcome. Six interdependent issues must be addressed in order to implement the Commission's recommendations: providing funding for these enhancements for adequate total compensation; obtaining buy-in and support from military personnel; changing military culture; developing a legislative strategy; establishing demonstration projects; and "grandfathering" personnel already in the systems. These issues and the strategies to address them are discussed below.

#### A. General Description

**1. Funding the Initiative.** The military is already scheduled to receive a 4.56 percent across-the-board annual pay increase in 2001, and President George W. Bush has recommended an additional increase of \$1.4B for salaries. As of early March, two members of Congress have submitted legislation for large military pay raises as well.<sup>15</sup> Despite a strong show of support by the President and Congress, these bills will face stiff challenges from other sources competing for funding. MPRC members will need to estimate the cost of each sub-recommendation and develop a cohesive strategy to obtain the required funds in this resource-constrained environment. Alternative sources of funding should be considered as part of this process. For example, educational grant funding, such as Pell grants, could instead be spent on enhancing G.I. Bill educational benefits, or trade-offs among the sub-recommendations should be considered if full funding for all is not possible.

**2. Obtaining Support from Military and Retired Personnel.** Experts in change management agree that support from top levels of an organization is required for change to occur. They also agree that to foster buy-in, people who would be affected by these changes should be included in designing the replacement systems. One method of demonstrating inclusion is through an extensive system of surveys and focus groups that convey the message to organization members that their views are important. Data from these efforts could be used to assist in designing the new systems.

Another crucial ingredient to manage change effectively is a viable communications strategy that facilitates efforts to market changes to the workforce. As this strategy and the specific recommendations are developed, members of the Military Personnel Reform Committee and proponents of these recommendations must identify senior military personnel who could champion the envisioned recommendations. However, it may be difficult to obtain senior military support, if they will have to testify that the very systems that brought them to the top are no longer relevant.

**3. Changing the Military Personnel System Culture.** Several factors currently bring pressure to bear on the military. First, a strong commercial economy offers alternative employment with very attractive compensation packages to potential military recruits and current

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<sup>15</sup> Representative Dennis Rehberg (R-MT) introduced legislation to increase military pay by an extra 3.5%, to 8.1%, with the 3.5% beginning in the month after enactment. Representative John P. Murtha (D-PA) has proposed raising military pay by 7.3% in 2002.

military personnel. Second, the impact of technology has influenced the upcoming generation. Potential recruits will expect more rapid advancement than is currently experienced, and will not be willing to serve lengthy apprenticeships to achieve advancement. Third, the current and future generations that will make up the military will continue to value "self-reliance, education, and flexibility, and strive for meaningful rewards and job security through employability."<sup>16</sup> From employers, they will demand access to technology, continuous learning opportunities, and somewhat more flexible and alternative working environments.<sup>17</sup> To meet these demands, the Department of Defense must design and implement new systems, which, in themselves, will cause changes—if not in the culture itself, then in traditional ways of thinking about compensation and benefits. Some of the changes envisioned are depicted in the following table.

<b>Present Military Personnel System</b>	<b>Envisioned Career Management</b>
A culture in which the norm is retirement after a 20-30 year career unless specifically extended or extended as a result of promotion to general/flag officer.	A culture with alternative retirement options: 35-40 year career possibility; vesting after 10 years, so that leaving without "full" retirement is an alternative "norm."
A culture that is essentially Up or Out—those who are not promoted are forced out regardless of their skills or experience.	A culture that allows service members to remain at a lower level for a full career.
A culture in which those who reach senior positions do so through a command track, regardless of personal preferences.	A culture in which a specialist option is an acceptable alternative to traditional paths and permits those who choose it to receive adequate compensation based on merit.
A culture where one-size-fits-all personnel and compensation systems are the norm.	A culture in which personnel and compensation systems are flexible enough to change to reflect changing needs.
A culture that requires members to move frequently.	A culture that offers the choice of a career in one place in a choice of career tracks
A culture of separate and unequal career systems between active and reserve components and civil service that prevents easy transfer between them.	A culture in which an overlap between active duty/reserve/civilian personnel systems is expected and encouraged.
A culture in which pay raises are based on grade and longevity.	A culture in which pay is based on performance.
A culture in which recruits joined out of patriotism, economic necessity, opportunity for upward mobility, draft, family background, or "hero" ethic.	A culture in which recruits joined out of patriotism, economic incentives, opportunity for upward mobility, family background, or "hero" ethic.

**Table 7: Comparison of Current and Envisioned Personnel System Culture<sup>18</sup>**

Experts on change have written extensively on the difficulty of changing a culture. One suggestion is changing the systems within the culture, thus accelerating change.<sup>19</sup> If the

<sup>16</sup> *Envisioning the Future of Naval Service: A Strategic Human Resource Management System for the 21<sup>st</sup> Century.*

<sup>17</sup> *Ibid.*

<sup>18</sup> Based on material in *Envisioning the Future of Naval Services: A Strategic Human Resource Management System for the 21<sup>st</sup> Century*, op.cit, and Vandergriff, Donald E., *The Revolution in Human Affairs*, found at <http://d-n-i.net/FCS-Folder/vandergriff-rha/sid086.htm>

Commission's recommendations are followed and recruitment, retention, promotion, and retirement systems are changed in themselves, people already in the systems and future recruits will have to accept the new culture.

**4. Developing a Legislative Strategy.** It would be unrealistic to expect that these legislative recommendations will be accepted without debate within Congress. Some members will be sponsors and champions of these proposals; others, whose constituents' interests lie elsewhere, will oppose them. The Executive Branch's Military Personnel Reform Committee and subcommittees charged with developing legislation must also develop strategies for moving these packages through Congress. They should craft these strategies after consultation with appropriate Members of Congress and their staffs and the strategies should include plans for managing stakeholders in both chambers and those who can influence Congress (including those who support the legislation, those who oppose it, and those who are neutral).

**5. Establishing Demonstration Projects.** Many of the recommendations require developing demonstration projects within one community prior to implementing them Service or DoD-wide. Careful studies must be undertaken to ensure that appropriate communities participate in demonstration projects, and that they are adequately designed and funded. The challenge of demonstration projects is obtaining funding that will last over several years, so the demonstration projects can provide meaningful data of the recommendations' success or failure. If successful, then additional legislation would be required to expand the project to other elements of the Service or DoD-wide.

**6. "Grandfathering."** The Military Personnel Reform Committee and subcommittees will need to analyze the effect of any legislation concerning the G.I. Bill and VA enhancements on personnel already receiving these benefits and determine if they remain in the former systems or transferred to the new, enhanced systems. What magnitude of costs would extending benefits to this large constituency entail? What mechanisms would be used to transfer personnel to the new systems? What is the impact, for example, on healthcare systems if all veterans were permitted to use military hospitals? What would the impact be on private healthcare systems if veterans were given healthcare insurance for private care? Could and would current health care practitioners accept such insurance? These are challenges the subcommittees would need to address as they craft legislation.

## **B. Issues and Suggested Approaches**

Table 8 provides specific information on the issues raised above, and suggested approaches to overcoming challenges.

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<sup>19</sup> An example of resisting change until the system forced change upon the culture itself was the recent introduction of local 10 digit telephone dialing. U.S. consumers vehemently rejected the idea of using 10 digit local telephone numbers. However, when telephone systems were unable to handle the volume of subscribers without instituting use of Area Codes for local dialing, and programmed telephone systems to only work with 10 digit numbers, the public rapidly adjusted to this change.

<b>Issue</b>	<b>Approach</b>
1. Funding	Determine costs; consider economies to offset; obtain Congressional and White House support for recommendations.
2. Military buy-in	Develop strategy to obtain support at highest levels of organization; cascade down to workforce; use focus groups and surveys to learn what those affected by changes really want; use their involvement to foster buy-in and input to draft recommendations
3. Culture change/Change management	Develop a comprehensive communications plan; obtain leadership support; involve all levels of personnel (active duty, retired and recently separated) into developing recommendations and new systems. Communicate plans and recommendations early and often.
4. Legislation	Develop legislative strategy, including use of representatives from DoD and the VA, veterans' groups, Congressional liaison offices, Executive Branch, as appropriate.
5. Demonstration projects	Study; find appropriate community to participate in the pilot; gain support and buy-in; design/scope pilots, including time frame; test pilot; analyze results; develop widespread implementation plan; write legislation to expand pilots.
6. "Grandfathering" of benefits	Study implications of any proposed enhancements to Montgomery G.I. Bill and VA benefits if extended to veterans already eligible for such benefits. Cost out implications of these enhancements and design a system to transfer current beneficiaries to new systems

**Table 8. Issues and Approaches to Implement Military Personnel Recommendations**

#### **IV. IMPLEMENTATION MEANS**

An Executive Order and a Department of Defense Directive should be issued to form a high-level, Military Personnel Reform Committee (MPRC) that will direct and oversee a number of subcommittees designated to study various options to improve recruitment and retention of the Armed Services. The MPRC, reporting to the Secretary of Defense, would discuss military personnel issues, while the subcommittees would research and develop more fully the recommendations proposed by the Commission. Subcommittees would report their progress to the MPRC on a regular basis and receive advice and guidance from the Committee. When the MPRC approves the subcommittees' specific recommendations, legislation and/or regulations would be needed to implement the recommendations. After any recommended pilot programs are complete, and the results are evaluated, additional legislation to expand the pilots to other elements of the Services or DoD also would be required.

## **V. PERSONNEL IMPLICATIONS**

Members of the Military Personnel Reform Committee (MPRC) and its various subcommittees would be current employees of the Executive and Legislative branches of government. Members could be detailed from their current agencies to work on the various subcommittees as needed. Additional support from DoD in providing personnel to participate in focus groups or surveys would be needed. Personnel who currently manage programs affected by the Commission's recommendations may be able to manage enhanced programs as part of their current workload. However, for example, if it were anticipated that a significantly larger number of veterans would take advantage of increased benefits, or if additional management oversight would be needed to manage new programs (such as a melded personnel system for civilian employees and service members), additional personnel would be needed to administer the programs. Determining staff increases should be a part of the subcommittees' work as they develop the recommendations more fully.

Failure to implement these recommendations will result in a reduced military establishment, as current recruitment and retention problems will only continue to degrade. Implementing the recommendations will provide the military with a workforce fully capable of responding to national security challenges of the 21<sup>st</sup> century.

## **VI. APPENDICES**

**APPENDIX A:  
IMPLEMENTATION BLUEPRINT MATRIX**

<b>INSTITUTIONAL REFORM</b>			
<b>Military Personnel</b>			
<b>Recommendation</b>	<b>Implied Subtask</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
	1. An Executive Order and a Department of Defense Directive establish a Military Personnel Reform Committee (MPRC) to study military personnel issues affecting recruitment, retention and career management throughout the Armed Services	President and Secretary of Defense	150 days
	2. Establish subcommittees to analyze current policies and corresponding legislation; review and further develop Commission recommendations	Military Personnel Reform Committee	45 days
Congress should significantly enhance the Montgomery GI Bill, as well as strengthen recently passed legislation supporting veteran' s benefits-including transition, medical, and home ownership-for qualified veterans.	1. Designate a subcommittee to analyze current policies and legislation; develop plan for improvements, including alternatives, costs, funding sources, and "grandfathering" issues	Military Personnel Reform Committee	45 days
	2. Report back to MPRC for advice and guidance; make appropriate changes to plan based on comments; gain approval from MPRC	VA-led subcommittee	Bi-monthly
	3. Identify and verify costs with the Office of Management and Budget (OMB), if needed	Subcommittee	90 days
	4. Prepare draft legislation, if needed	Subcommittee and Congressional liaison office of VA	45 days
	5. Implement legislation when passed	VA, DoD	Within one year following passage unless otherwise specified in the law

Recommendation	Implied Subtask	Responsibility	Implementation Timeline
Congress and DoD should cooperate to decentralize military personnel legislation dictating the terms of enlistment/commissioning, career management, retirement and compensation:			
a) Revise DOPMA; b) Revise 1999 National Defense Authorization Act; d) Revise Title 37 U.S. Code by modifying the 1974 Career Aviation Act.	1. Establish a DoD-led subcommittee designated to analyze current policies and legislation concerning DOPMA, 1999 National Defense Authorization Act, and 1974 Aviation Career Incentive Act	Military Personnel Reform Committee	45 days
	2. Prepare a plan for improvements (including implementation plans for appropriate demonstration projects)	DoD-led Subcommittee	365 days
	3. Report back to PRC for advice and guidance; make appropriate changes to plan based on comments; gain approval from Coordinating Committee	DoD-led Subcommittee	Quarterly
	4. Identify and verify costs with OMB	Subcommittee	90 days
	5. Prepare draft legislation to implement plan	DoD-led Subcommittee and Congressional liaison office of DoD	60 days
	6. Send legislative package to Congress for introduction and passage	DoD	Immediately following above action
	7. Implement legislation when passed	DoD	Within one year following passage unless otherwise specified in the law

Recommendation	Implied Subtask	Responsibility	Implementation Timeline
	8. Evaluate results of demonstration projects	Personnel Reform Committee, Subcommittee, personnel specialists within DoD	On-going efforts and intensively after demonstration project concludes
	9. Recommend to Secretary of Defense any changes to demonstration projects and/or whether they should be expanded to entire Service or DoD-wide	Personnel Reform Committee, Subcommittee	9 months after conclusion of demonstration project
c) Revise U.S. Code Title 37 to correct the pay compression of senior non-Commissioned Officers (NCOs) in all of the Services	1. Establish a subcommittee designated to coordinate with the Quadrennial Review on Military Compensation (QRMC); to support the work of the QRMC, specifically in the area of E-8 compensation	Personnel Reform Committee	45 days
	2. Provide support to the QRMC, as needed	Subcommittee	120 days
	3. Implement legislation when passed	DoD	Within one year following passage unless otherwise specified in the law.
e) Reconcile a new DOPMA with ROPMA, with the Technician Act, the Guard AGR Act, and with Civil Service personnel systems	1. Establish a subcommittee to develop policy and procedures to reconcile various personnel systems	Military Personnel Reform Committee	45 days
	2. Report back to PRC for advice and guidance; make appropriate changes to plan based on comments; gain approval from PRC.	Subcommittee	Quarterly, during course of study
	3. Identify and verify costs with OMB	Subcommittee	90 days
	4. Prepare draft legislation, if needed	Subcommittee	90 days

<b>Recommendation</b>	<b>Implied Subtask</b>	<b>Responsibility</b>	<b>Implementation Timeline</b>
	5. Implement legislation when passed or implement regulations when signed	DoD, OPM, and any other agencies affected	Within one year following passage unless otherwise specified in the law

**APPENDIX B:  
DRAFT EXECUTIVE ORDER**

Title 10, 37 and 38:  
Executive Order xxxxx of (date)

Subject: Establishment of the Military Personnel Reform Committee (MPRC)

By the authority vested in the office of the President by the Constitution and the laws of the United States of America, I do hereby establish the Military Personnel Reform Committee (MPRC). This Committee will function under the Chairmanship of the Secretary of Defense, to review the policies and legislation concerning military personnel recruitment, retention and career management systems. The MPRC will make recommendations, draft legislation, coordinate testing and monitor implementation of improved personnel systems that will ensure the very highest quality personnel continue to serve our nation in uniform. Therefore it the following is ordered:

Section 1. *Establishment.* (a) There is hereby established by my authority the Military Personnel Reform Committee (MPRC).

(b) The MPRC shall consist of:

- (1) Chairman: The Secretary of Defense;
- (2) the Chairman of the Joint Chiefs of Staff;
- (3) the Secretary of Veterans Affairs;
- (4) the Secretary of the Army;
- (5) the Secretary of the Navy;
- (6) the Secretary of the Air Force;
- (7) the Commandant of the Coast Guard; and
- (8) other representatives as may be determined by members and as approved by the MPRC Chairman.

Section 2: *Functions.* (a) The Chairman of the MPRC shall report to this office on an annual basis. The Chairman of the MPRC will work closely with appropriate members of Congress to obtain their advice, support and concurrence with all MPRC actions affecting military personnel.

(b) The MPRC shall have three principal roles:

- (1) Chartering subcommittees to address the various military personnel issues affecting recruitment, retention and career management throughout the Armed Services by analyzing current policies, future needs, and concrete plans to test and evaluate improved personnel systems;
- (2) Providing authority, leadership, coordination, and guidance to the subcommittees; and

- (3) To act as responsible authority to both Congress and the Administration for implementation of military personnel reforms through executive action and/or Congressional legislation.

Section. 3. *General Provisions.* (a) This order is intended only to improve the internal management of the executive branch and it is not intended to create any right, benefit or trust responsibility, substantive or procedural, enforceable at law or equity by a party against the United States, its agencies, its officers, or any person.