



## Building a 21<sup>st</sup> Century Department of the Interior

*Effective management of Interior requires dynamic and modern strategies to confront major trends, including the likelihood of continued and increasingly constrained funding resources.*

*Sally Jewell, Secretary of the Interior  
November 14, 2014*

The Obama Administration continues to challenge Federal agencies to make the Nation's government more effective, deliver more to the taxpayers, and manage Federal resources more responsibly. To meet this challenge, agencies are reviewing programs for savings opportunities, eliminating lower priority and underachieving programs, encouraging employees to identify savings opportunities, and investigating new ideas to increase the effectiveness and efficiency of government operations. The Administration's efforts focus on the following strategies with the highest potential to achieve meaningful performance improvement within and across Federal agencies:

- Concentrating on agency top priorities.
- Cutting waste.
- Reforming contracting.
- Closing the information technology gap.
- Promoting accountability and innovation through open government.
- Attracting and motivating top talent.

The Department of the Interior is working aggressively to meet the Administration's challenge on management and performance-based alignment of priorities and resources, and the progress is reflected in the 2016 President's budget.

### INFORMATION TECHNOLOGY TRANSFORMATION

One of the most significant undertakings to improve management effectiveness within the Department is the Information Technology Transformation initiative. In December 2010, Secretarial Order No. 3309 directed the transformation of Interior's information technology into an agile, reliable, and cost-effective service that more effectively allows employees to better support Interior's mission.

Interior is in its fourth year of implementing the multi-year IT Transformation initiative and is applying a new business model for consolidated delivery of information technology services. The next phase of Interior's IT Transformation implementation will focus on the following three critical areas.

- *Telecommunications* – provide additional bandwidth for the Enterprise Service Network, allowing bureau and office employees to meet demands for video conferencing, better access to cloud services, and increased use of cloud hosting.

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- *End User Services* – provide a shared directory service environment allowing bureaus to reduce time spent managing their own separate environments and to improve information technology security by consolidating access points.
  - *Information Assurance Operations* – provides continuous diagnostics and mitigation—a service bureaus and offices will use to reliably and quickly understand what is on their network, the security of attached devices, security vulnerabilities that need to be mitigated, and to assist them to detect and respond to intrusions.

The Department's Chief Information Officer is leading these efforts in collaboration with bureau information technology staff. The Department's IT Transformation Executive Steering Committee, a senior team of bureau and departmental management executives, is providing oversight for this effort to ensure a smooth transition. Interior's 2016 Working Capital Fund includes \$5.0 million billed to bureaus and offices to support IT Transformation initiatives. Funding is critically important to support the planning, implementation, operations, and maintenance of new service areas while consolidation, workforce planning, and transition from decentralized hosted services to consolidated, shared hosting services is underway.

## CAMPAIGN TO CUT WASTE

The challenging economic situation makes it incumbent upon Federal agencies to emphasize their role as the stewards of taxpayer dollars with responsibility to ensure a high return on spending and intolerance for waste and abuse.

In three separate Executive Orders, President Obama outlined a challenge to Federal agencies to improve performance and reduce waste, fraud, and abuse across government. In response, Interior developed a plan to reduce administrative spending by \$217.0 million by the end of 2013. Between 2010 and 2013, Interior achieved \$308.0 million in savings as compared to 2010 spending levels, exceeding its goal by \$91.0 million.

In 2014 and 2015, Interior's management strategy continues to capitalize on the implementation of Department-wide policy changes in travel and relocation, strategic sourcing, and information technology consolidation. In the 2016 budget, the Department continues to sustain these targeted

administrative cost savings efforts and support the advancement of aggressive organizational solutions to achieve greater savings in the future.

## SPACE CONSOLIDATION STRATEGY

The Department established goals and objectives to show improvement in space management. Actions to achieve this goal include facilitating internal bureau co-locations and exploring opportunities for co-location with other Department bureaus wherever possible. A high priority is to reduce the Department's footprint of commercial leased space and to reconfigure space in the Main Interior Building to support higher occupancy and maximize space utilization.

The OMB Memorandum, Promoting Efficient Spending to Support Agency Operations, established policy that requires bureaus and offices to implement action plans to reduce leasing and other costs; maximize and increase efficiency in space utilization; and develop processes and internal controls that ensure effective management of space and space-related budgetary resources. This policy intends to reduce the footprint of Federal space by controlling utilization and spending associated with real property, and requiring bureaus and offices to maintain total square footage of office and warehouse space consistent with 2012 levels.

For 2016, the budget includes \$6.4 million for the Department's Office Consolidation strategy, an increase of \$5.2 million from the 2015 enacted level. The Department is working closely with the General Services Administration to consolidate Washington, D.C. metropolitan area and Denver, Colorado staff into federally owned space. These two locations house nearly 16 percent of all of Interior's employees and could represent a significant reduction in the real estate footprint and future costs.

The modernization of five out of six wings within the Main Interior Building is complete, with the final wing targeted for completion in 2016. Modernization improvements include new heating and cooling systems, fire alarm and sprinkler systems improvements, fire rated stairwells and building egress routes, upgraded wiring and cabling for communications and information technology, improved lighting, a green roof, renovated rest rooms, elevator improvements, and improved energy efficiency and sustainability. In 2016 and beyond, following the completion of the Main Interior Building modernization, Departmental funds will be used

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to assist bureaus and offices in the consolidation of employees to reduce rental costs in priority locations including the Washington, D.C. metropolitan area, Denver, Colorado, and Boise, Idaho.

## **FINANCIAL AND BUSINESS MANAGEMENT SYSTEM**

The Financial and Business Management System is a modern, integrated, secure system that supports and facilitates improved management, accountability, and transparency in budget execution, financial management, acquisition and financial assistance, fleet and facilities management, and property management. The system continues to deliver promised improvements in functionality, consistency in reporting, standardized internal controls and processes, and improved data availability. These advances provide the tools necessary for Interior to actively manage its fiscal resources and promote efficient spending to support operations and cut waste. The system successfully supported the Department's clean financial audits, allowed bureaus and offices to conduct quarterly closings and reconciliations, and enabled Interior to terminate the operation of numerous legacy systems. In 2016, the Department will complete its transition of FBMS hosting to a cloud environment.

Interior places a priority on providing high-quality, transparent Federal spending information to the public. The 2016 President's budget includes funding to begin the implementation of requirements and monitoring standards set forth in the Digital Accountability and Transparency Act. The Department's Information Technology and Financial and Business Management communities will evaluate its business management areas for data quality improvements; design and develop changes to policies, procedures, and acquisition workforce training; and monitor DATA Act compliance.

The budget also includes \$3.0 million to establish a Digital Service team that will drive the efficiency and effectiveness of Interior's highest impact digital services.

During 2016, Interior will continue to implement a standardized and integrated Department level budget formulation and performance management tool. The tool will improve data quality and consistency across the Department while decreasing manual processes.

## **STRATEGIC SOURCING**

President Obama's March 4, 2009, Memorandum on Government Contracting calls on Federal agencies to eliminate waste and maximize value achieved from their contracts. The Department continues to identify new opportunities to strengthen and advance its acquisition function. Emphasis is placed on buying smarter and encouraging innovation in contracting to help the agency achieve its mission effectively and reduce the risk of overspending taxpayer resources. The Department actively promotes the use of Federal and Department-wide strategic sourcing initiatives, competition, and use of progressive contracting methods such as reverse auctions. Collectively, these activities promote efficient spending, achieve savings, and improve overall value for the American taxpayer.

In 2012, President Obama issued the Improving Acquisition Through Strategic Sourcing memorandum, which builds on the Administration's successful efforts and establishes a broad strategic sourcing initiative to ensure all agencies manage their acquisitions effectively and, wherever possible, leverage resources to negotiate the best value for the taxpayer. In 2014 and 2015, Interior implemented mandatory use of strategic sourcing vehicles for domestic delivery services and information technology hardware, respectively, to consolidate spending and reduce contract duplication. In 2016 and beyond, the Department will continue to explore other strategic sourcing opportunities for commonly used goods and services. These efforts support government-wide objectives of maximizing the return on investments by consolidating the acquisition and management of commodity goods and services and increasing the use of shared service delivery models.

## **HUMAN RESOURCES**

The Department's 70,000 employees in 2,400 locations across the United States, Puerto Rico, U.S. Territories, and Freely Associated States are critical to protecting and managing the Nation's natural resources and cultural heritage; providing scientific and other information about those resources; and providing services to American Indians, Alaskan Natives, and affiliated island communities. The Department benefits from a knowledgeable workforce that is passionate about Interior's mission, dedicated to public service, highly skilled, and reflective of the diversity of the Nation. Differences in background,

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thought, education, and experience contribute to the varied perspectives in the workplace and create a synergy for higher performance and success in the achievement of Interior's mission goals.

Recognizing the vital role of its employees, Interior is investing in efforts to improve employee engagement and strengthen human capital processes, tools, and strategies. As a Department, Interior remains committed to improving its Best Places to Work rating based upon the Federal Employee Viewpoint Survey results.

With a significant number of employees meeting retirement eligibility requirements, it is imperative Interior use all available tools to recruit and retain talented individuals to support its mission. One area of focus is mission-critical energy occupations. Demand for these energy professionals is exceptionally high, and Interior faces intense competition from the private sector. The challenges associated with hiring, training, and retaining staff needed to provide oversight and management of oil and gas operations have been noted by the Government Accountability Office and others.

In an effort to address these energy-related human capital challenges, Interior is pursuing implementation of special salary rates for mission-critical energy occupations located in the oil and gas producing regions of the United States, including the Bakken Oil Fields, Gulf of Mexico, Alaska, and Pacific regions. This effort is the result of an extensive review of Interior's energy occupations, which included analysis of the current Interior energy workforce, recruitment and retention efforts, turnover rates, and the oil and gas industry annual salary levels. These special salary rates will complement the use of recruitment, retention, and relocation incentives and student loan repayments.

On November 17, 2014, the Office of Personnel Management issued the Federal Employees Health Benefits Program Expansion of Eligibility to Certain Employees on Temporary Appointments and Certain Employees on Seasonal and Intermittent Schedules rule that expands eligibility for enrollment under the Federal Employee Health Benefits Program to certain temporary, seasonal, and intermittent employees by January 2015. In support of this effort, the Department developed a model to estimate the number of employees who would accept the new coverage and the estimated cost to the Federal government. The budget reflects \$23.3 million in support of this expansion for 2016.

To connect young people with the land and inspire them to play, learn, serve, and work outdoors and to address the growing disconnect between young people and the outdoors, Interior developed strategies to promote public-private partnerships and collaborative efforts across all levels of government. The result will maximize opportunities for youth through visitor and educational programs, partnerships, volunteerism, and employment. These efforts can be leveraged through social media and technological enhancements to expand opportunities for travel, tourism, and life-long learning.

## **BUSINESS AND TRADE REORGANIZATION PROPOSAL**

The President is again asking Congress to revive an authority enabling him to submit fast-track proposals to reorganize or consolidate Federal programs and agencies in order to reduce the size of government or cut costs. The 2016 budget includes a variety of proposed reforms across government designed to drive efficiency and accountability, prevent duplication, and make government work better and smarter for the American people. One of the reorganizations the President will propose with this authority reiterates his previous proposal to consolidate Federal business and trade programs into one more efficient and effective department dedicated to promoting U.S. competitiveness, exports, and American businesses and jobs.

The proposal will integrate the six Federal agencies that focus primarily on business and trade, along with other related programs. These include the Department of Commerce's core business and trade functions, Small Business Administration, Office of the U.S. Trade Representative, Export-Import Bank, Overseas Private Investment Corporation, and U.S. Trade and Development Agency, as well as rural business programs at the Department of Agriculture, Treasury's Community Development Financial Institution Program, and statistical agencies at the Department of Labor and National Science Foundation. To strengthen the new Department's focus on business and economic growth, the National Oceanic and Atmospheric Administration will be consolidated into the Department of the Interior, strengthening stewardship and conservation efforts and enhancing scientific resources. The budget schedules for these agencies and programs continue to reflect them in their current alignment.