

EXECUTIVE OFFICE OF THE PRESIDENT
OF THE UNITED STATES

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PRESIDENT'S MANAGEMENT ADVISORY BOARD

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MEETING

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FRIDAY
JUNE 7, 2013

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The Board met in Room 238 of the
Eisenhower Executive Office Building, 1650
Pennsylvania Avenue, NW, Washington, D.C., at
9:00 a.m., Steven VanRoekel, Chair, presiding.

PRESENT

STEVE VanROEKEL, Chair
SAM GILLILAND
JEFF KINDLER
DEBRA LEE
GAIL McGOVERN
SHANTANU NARAYEN
ENRIQUE SALEM
LIZ SMITH
RON WILLIAMS

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ALSO PRESENT

SCOTT WINSLOW, Designated Federal Officer
SYLVIA MATHEWS BURWELL, Director, OMB
NORMAN DONG, Interim Controller, OMB
GAY GILBERT, Administrator, DOL
DAVID J. HAYES, Deputy Secretary, DOI
MAURICE JONES, Deputy Secretary, HUD
JOSEPH G. JORDAN, Administrator, OMB
JONATHAN D. McBRIDE, Deputy Director,
Presidential Personnel
JENNIFER PAHLKA, Deputy Chief Technology
Officer, Office of Science and
Technology
JOHN D. PORCARI, Deputy Secretary, DOT
DANIEL M. TANGHERLINI, Administrator,
GSA

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P-R-O-C-E-E-D-I-N-G-S

(9:11 a.m.)

MR. WINSLOW: We are going to go ahead and get started. So, I just wanted to let everyone know a couple of things before we start. First, welcome. Thank you, everyone, for coming.

I am Scott Winslow, the Designated Federal Officer for the President's Management Advisory Board.

We are going to be on camera, so everything that you're saying is actually going to be webcast, so please be aware of that fact. The public is invited to listen in to our conversation as we are talking today.

Secondly, apologies for slightly tight quarters, but everyone here, very good friends.

(Laughter.)

CHAIR VANROEKEL: The most comfortable chairs in the building.

MR. WINSLOW: We definitely got the good chairs.

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1 Secondly, you should all have a
2 binder in front of you. This has all the
3 materials that we'll be going through through
4 the course of the day.

5 And with all that, let me then turn
6 over the microphone to Sylvia Burwell, who's the
7 new head of the Office of Management and Budget,
8 and Steven VanRoekel, who is also the Acting
9 Deputy Director for Management and, therefore,
10 the Chair of the President's Management Advisory
11 Board.

12 DIRECTOR BURWELL: Thank you so much,
13 Scott. And, first, I want to add my voice of
14 welcome and thanks.

15 One of the things that I know, my
16 experience actually about an advisory group like
17 this in previous positions I've had is terrific
18 in terms of the value that it can add to one's
19 thinking and one's direction. And I think that
20 has already been seen in some of the work that
21 you all are doing.

22 I hope over the last weeks that you

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1 have seen some of the follow-up to the types of
2 management work that everyone has been talking
3 about, whether that's some of the permitting
4 things that have been going forward that the
5 President spoke to quite recently. Those are the
6 types of things that these conversations lead
7 to, which is a deep focus on specific places
8 where we can actually make a quick difference.
9 And I think I used permitting as the type of
10 example, I think the visa issues that we -- all
11 those kinds of issues are the kinds of things
12 where a group like this in a conversation like
13 this, I think can help us focus quickly on places
14 that we can make progress on the management side
15 of the agenda for the entire government, and one
16 of the main responsibility of OMB.

17 I think you all probably know it's
18 week five for me, so I am just here and just
19 entering into the fray, but really wanted to come
20 by and make sure that I stop by, because I think
21 this is an important part of what will be
22 happening, hopefully, over the next three and a

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1 half years in terms of the time that people like
2 me will be here. But I actually think it's about
3 the next 10 years, and that that's a very
4 important perspective for us all to have, is to
5 change the way we do, and the way we think about
6 how we can most effectively and efficiently
7 deliver for the American people.

8 And in my hearings, you can go to the
9 record, and as I was asked about priorities, one
10 of the big priorities that we spent time in my
11 hearings discussing was what is called the M side
12 of OMB, which is the management piece of this.
13 So, it is something that I and the team will be
14 spending time on.

15 I think right now you know Steve has
16 graciously agreed, so right now at OMB, the
17 Acting Deputy Director for Management was the
18 Chair, Danny Werfel, and also Controller of the
19 U.S. Government, is now the Acting Director at
20 the IRS. So, Steve has graciously agreed during
21 this interim period where we're close,
22 hopefully, and over time will have our decision

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1 and go through the nomination process with a
2 Deputy Director for Management appointee. But
3 Steve has agreed to do two roles for us during
4 this time, so we're privileged, and pleased, and
5 happy to have that.

6 I know this organization -- I also
7 want to say thank you and lock you into,
8 hopefully, another two years of service in terms
9 of thanking you and recognizing the importance
10 of continuing this work. And I think, also,
11 conversations about how we, I think, may need to
12 add a person or two over time to this work, which
13 is something that I think Steve and others will
14 address.

15 So, with that, the one thing I just
16 think is we really do want to focus on specific
17 things that have impact to have change, and that
18 those things are implementable, they are
19 measurable, they are understandable, and they
20 are supportable. One of the things, we are the
21 Executive Branch, and that's where much of
22 implementation of government occurs, but we must

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1 and need to work closely with our colleagues on
2 the Hill. And I actually think this is a terrific
3 place where we have a lot of opportunity for
4 agreement. So, I think this is actually an area
5 of opportunity where we can come up with great
6 ideas that we can work on and have the support
7 of the Congress in implementing.

8 So, with that I want to say a very
9 large thank you. I'm going to look forward to
10 -- I know this is our first meeting of 2013, and
11 I will look forward to as we evolve the
12 opportunity to be able to spend some more time
13 over time with you all.

14 So, thank you, and I'm going to turn
15 it over to Steve for the agenda, and to kick us
16 off and get started. And I also want to thank our
17 government colleagues who are here today who are
18 also the people who are implementing many of
19 these things, and are committed to these kinds
20 of issues. So, thank you all, too, around the
21 table. Some of you I've had a chance to spend some
22 time with, and others I'm in the processing of

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1 doing that. So, thank you, and I will look
2 forward to seeing you all again. And with that,
3 I'll turn it over to you, Steve.

4 CHAIR VANROEKEL: Thank you very
5 much.

6 (Chorus of congratulations.)

7 DIRECTOR BURWELL: I hope that the
8 Chair with some others that, actually, what you
9 just said, a number of Senators during the
10 confirmation process did actually start with
11 condolences, but fortunately I was at OMB once
12 before, and in government, and I think things are
13 harder in certain ways, but I am excited and have
14 come because I believe we can have an impact. I
15 really do believe that this is a place where
16 progress can be made. And even in my first weeks
17 here, in the first five weeks, actually on the
18 M side I've seen a couple of things, whether it's
19 the open data, the permitting, some of the
20 regulatory issues making some headway. It's a
21 place, actually, where I think we can get
22 traction and move even more quickly. We'll need

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1 to make that progress on the B side and working
2 hard on that every day, but this is a place where
3 I think there is just a lot of opportunity,
4 especially with your support.

5 CHAIR VANROEKEL: For an agenda today
6 we have -- we're going to start the day kind of
7 recapping a couple of 2012 initiatives. This is
8 really a report out session on Strategic
9 Sourcing and our important work that you've been
10 doing on improper payments. And then we're going
11 to have a couple of deep dives. One is on Real
12 Estate Optimization. Dan Tangherlini came here
13 from GSA to talk about what we're doing. And
14 really, I think, have a nice discussion at the
15 Executive level around how you all think about
16 real estate, and then hopefully connect with
17 your professionals inside your organizations to
18 have a fruitful conversation there.

19 And then last section we're going to
20 do is something we've been working on a lot which
21 is Hardwiring Innovation, having a fruitful
22 discussion on how we inspire innovation really

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1 at all levels of the organization, not just an
2 innovation team or a cohort, but bringing
3 innovation to process, people, and our use of
4 technology both facing inside government and
5 out. So, I think we'll have a great set of
6 questions for you, and a great discussion during
7 that time.

8 With that, I'm going to hand it off
9 to Joe Jordan to get us started.

10 MR. JORDAN: Thank you, Steve. We're
11 going to go to Slide 10, so Strategic Sourcing
12 is one of the items that many of you helped us
13 with during the last PMAB period.

14 If you look at Slide 11, just a level
15 set, where we were when we first kicked off this
16 initiative. Dan and I talked to you about the
17 fragmentation of buying across government, that
18 we've had enough data to show that this
19 fragmented buying approach was causing
20 significant price cost variance, and are looking
21 for the data in itself showed a real need around
22 getting more of that information.

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1 So, there's certainly a large
2 opportunity here if we can come together, be
3 smarter and more thoughtful in our acquisitions,
4 take administrative costs of the system, and
5 really leverage the government's buying power.

6 We spent some time with all of you
7 and your experts visiting some of your
8 companies, and getting ideas.

9 At the last meeting, we adopted a set
10 of recommendations from the PMAB, or we received
11 a set of recommendations that PMAB adopted on how
12 we could actually implement this, how can we go
13 out and capture some of this opportunity.

14 So, moving to Slide 12, while we are
15 now still in a crawl, walk, run iterative
16 process, with strategic sourcing we'll be smart
17 and thoughtful while still moving as
18 aggressively as possible or we'll miss the
19 opportunity that we can capture, we've got some
20 significant results even since the last meeting.

21 So, we have implemented the
22 recommendations that the PMAB delivered. Every

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1 agency now has a senior accountable official for
2 strategic sourcing. We created that Strategic
3 Sourcing Leadership Council, I briefed those of
4 you who were on the last call about where the big
5 issue, one of the things we heard from you and
6 your experts is focus on where the dollars are,
7 kind of put a Pareto principle around this, so
8 we took the seven agencies that control about 92
9 percent of the spend, and they now sit on a
10 Strategic Sourcing Leadership Council along
11 with the SBA, because we need to have our small
12 and disadvantaged businesses literally and
13 figuratively at the table for all of these
14 conversations. And we've started to roll out
15 certain commodity teams, build certain
16 commodity teams, and roll out certain vehicles.
17 So, already during just this fiscal year in
18 direct savings we've captured about \$50 million
19 in savings.

20 There's also tens of millions of
21 dollars more in indirect savings, the
22 administrative savings where instead of, you

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1 know, standing up 15 different contracts for the
2 exact same service, we're consolidating those
3 down. We are standardizing terms and conditions
4 so then the vendor doesn't have to have a whole
5 set of different bid and proposals. We heard that
6 from some of your folks, as well, and from the
7 other side saying hey, when we deal with
8 different agencies, even though theoretically
9 you guys have the same rules, we have to create
10 a whole new set of proposal documents because the
11 agencies just ask for things a little bit
12 differently, so we've really streamlined a lot
13 of that.

14 Now, one particular success story
15 that's happened since our last meeting and shows
16 the collaboration among the agencies, as well as
17 the collaboration between GSA as really the
18 implementation lead for a number of strategic
19 sourcing efforts and OMB helping shape the
20 policy and chair the SLC is in the wireless
21 category. Literally, the example we used that
22 you saw on Slide 11, this Slide 11 was the one

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1 we showed you about a year ago. That was one that
2 we attacked, and Dan is going to talk us through
3 a little bit of what the team was able to do.

4 CHAIR VANROEKEL: It would be great
5 to cover that, just talk about what we have in
6 Atlanta.

7 MR. JORDAN: Yes, sure.

8 CHAIR VANROEKEL: Because I think it
9 keys up what you're doing.

10 MR. TANGHERLINI: So, Joe said 15
11 different contracts, if only.

12 CHAIR VANROEKEL: Yes, right.

13 MR. TANGHERLINI: Our inventory
14 showed us we had over 4,000 different contracts
15 and 800 different plans. The joke was my own
16 family bought wireless better than the federal
17 government did, so we collapsed those 4,000
18 contracts and 800 plans into one contract and one
19 plan with four different vendors.

20 And the idea is then to bring that
21 scale together, bring the resources together,
22 and that will allow us then for subsequent

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1 negotiations to begin to leverage the scale to
2 drive down the price, so that's part of the
3 challenge that's the outcome.

4 Now, finding our way through it was
5 not easy in the sense that the vendors knew that
6 there was some margin that was on the table
7 there, so it took us a long time because of
8 protests, rate protests, changes, but by
9 sticking through it and keeping the agencies
10 together, and I really compliment Joe and his
11 leadership making sure that people focused on
12 the outcome and the result.

13 MEMBER McGOVERN: Out of curiosity,
14 how much money was saved?

15 MR. TANGHERLINI: We have some
16 estimates, but part of the problem is we don't
17 really have data on what we're actually
18 spending, so what we need to do is pool the
19 different participants. We think it could be \$30
20 million in five years, we think that that's very,
21 very conservative.

22 Things like sharing minutes, not

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1 having the ability to turn of roaming,
2 particularly for those people working along the
3 border where they would flip over to we'll call
4 them non-domestic carriers, have had very high
5 roaming charges. Those are all costs that were
6 being borne by our -- the fact that we hadn't
7 negotiated as an enterprise to get the best
8 bargains.

9 We're going to look, now that we do
10 actually have people participating, and try to
11 match what the expenditures will be under this
12 program versus prior programs and use that as an
13 opportunity to then refine those contracts and
14 get better outcomes.

15 MEMBER SALEM: So, one of the things
16 that we've always dealt with is when you try to
17 make a big change, there's always some pocket of
18 resistance to that change. If you had one thing
19 that you got resistance that would have a big
20 impact on savings, what would that be? Meaning
21 something that people are saying no, that can't
22 be changed. Is there anything that comes to mind

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1 that if you could say we will make that change.
2 I understand it's not easy, but --

3 MR. TANGHERLINI: I have some ideas,
4 but I --

5 MEMBER SALEM: All right. I just
6 think those are the things that --

7 MR. TANGHERLINI: Yes.

8 MR. JORDAN: I think there are two
9 sides, one was, as Dan said, what were the
10 negotiating points with the vendor, and some of
11 those were -- how do you create, as Steve terms
12 it, the family plan for government. But then from
13 the user perspective, it's really --the one
14 thing I heard a lot about was the device, you
15 know, people have a somewhat emotional
16 attachment to their device at times, and if
17 you're trying to standardize, you know, what we
18 showed before was a fully loaded data plan in
19 exact same metropolitan environments, really
20 trying to compare apples to apples, we saw wild
21 variance.

22 To streamline that, you do need some

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1 device rationalization, and while that might
2 work for 90 percent, those few are really
3 aggressive. And then the other that you'll see
4 in any strategic sourcing, I know Tim Solso is
5 not here, but his folks at Cummings really drove
6 it home when they did it there and it was the
7 folks in the engine factory saying I got this can
8 of Loctite for one dollar cheaper than you guys
9 have, so I get better pricing than -- you know,
10 strategic source vehicle. That's totally
11 missing the point.

12 What are you getting in total, and
13 are we losing on all those types of things,
14 sometimes takes more than a 30-second elevator
15 pitch with the person who we're now taking a
16 little bit of control away in delivering huge
17 savings to their agency.

18 MEMBER MCGOVERN: You know, a lot of
19 -- I'm sorry. A lot of companies -- and we're
20 actually embarking on this at the Red Cross, have
21 a bring your own device, but we are not
22 maintaining it rule.

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1 MR. JORDAN: Yes.

2 MEMBER McGOVERN: And they don't pay
3 for the device, so everybody has a personal
4 device and a work device, and the -- we are
5 paying for the minutes, but we're not paying for
6 the device. And there were so many IT
7 professionals that were maintaining these
8 devices, and they could all go away. And the
9 expense of maintaining it goes away. I mean, it's
10 something to think about.

11 MR. JORDAN: Absolutely.

12 MEMBER McGOVERN: And then plus
13 everyone gets a device, people that don't need
14 the device could get a device.

15 CHAIR VANROEKEL: So, we did two
16 motions in the last 12 months on that front. One
17 is we issued last summer bring your own device
18 guidance government-wide.

19 MEMBER McGOVERN: Yes.

20 CHAIR VANROEKEL: So, that's now up
21 there. May 23rd was the one-year anniversary of
22 our digital strategy. I did see the Red Cross

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1 shift their tornado app, which is very cool. I'm
2 using some open government data that kind of on
3 the heels of that strategy.

4 One of the things that came out in
5 that May 23rd deliverable was a set of security
6 guidelines for the vendor community to tell the
7 device manufacturers here's what we'd like to
8 see when you serve government, technologies
9 handling, kind of laying the cards on the table
10 and we want to see the technology go.

11 Those two things marrying up is
12 starting to create a phenomenon inside
13 government, and even in the White House we have
14 a bring your own device policy now. I carry only
15 my personal device with an app that works within
16 our security guidelines so it's starting to have
17 an effect, and I think it's going to continue
18 with this new technology specification. It will
19 actually allow the device to -- the work
20 experience to take over the device, so
21 -- because the thing we have to worry a lot about
22 is -- and we've very diligent on is records

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1 retention and things very similar to the finance
2 community, and corporate environment, and
3 things like that, so we have to watch out for
4 that, and think about how that works in the
5 context of bring your own device.

6 MR. JORDAN: And one of the things for
7 Steve, you know, Steve's work building on this
8 is the PortfolioStat initiative that you've
9 heard about. That's helping us identify within
10 agencies where there may be zero use devices to
11 your point, Dale, or some of the data that we need
12 to capture to be able to tell you hey, exactly
13 how much are we saving, and what are we doing?
14 So, it's another kind of cross-management,
15 cross-agency effort that is mutually
16 reinforcing. Sorry.

17 MEMBER NARAYEN: That's okay. What
18 incentives do you have for departments who save
19 money, if it's I lose my project and I don't get
20 any of the savings back then, you know, what's
21 sort of the incentive for people to participate?
22 So as you think about this, this is great. Are

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1 there ways in which you are going to sort of
2 funnel some of that back into other initiatives
3 in the department?

4 CHAIR VANROEKEL: So, our IT budget
5 guidance for the last year that formulated the
6 President's 2014 budget was a cut and invest
7 strategy, so it was asking agencies to cut 10
8 percent of their IT spend, and we gave them
9 specific areas that were focused areas riding on
10 the heels of strategic sourcing and
11 PortfolioStat.

12 We automatically then gave them back
13 5 percent of that, but gave them areas where we
14 wanted to see that invested. It was employee
15 productivity, customer service, or cyber
16 security were the three major categories. And
17 then we asked them, each agency, to give us 5
18 percent priority add-backs, which would be if
19 you could net to zero what are the additional 5
20 percent you would spend on in that context? And
21 what was amazing is the agencies who did the hard
22 work, you look at our federal IT spend, we were

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1 actually up 78 basis points from the last year,
2 so it's starting to work. We're starting to
3 create the sort of depreciation mindset which is
4 very foreign to government because the ROI is
5 never realized in the place that you save it, so
6 we want to create that virtuous cycle, so that
7 mentality is going to continue forward on kind
8 of how do we cut and invest, how do you take from
9 the bottom of the list, add to the top, take from
10 OpEx, give it to CapEx in that way that we drive
11 this forward. And the incentive structure we've
12 created is the agencies who work the hardest got
13 the most support from us in really doing the
14 innovative ideas.

15 MR. JORDAN: And I think, Shantanu,
16 never waste a crisis. This is the perfect time
17 for strategic sourcing because due to the fact
18 there's even beyond OMB control, there is
19 downward fiscal pressure. And, therefore -- I
20 mean, Dave, and Maurice, and John can say more
21 about how effective strategic source is in
22 handing them some of these tools, but saying

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1 look, you can plow these savings back in the
2 mission, especially in the short-term. Over
3 the long run we'd figure out how to give as much
4 of it as possible back to the taxpayer, but in
5 the short-term it's get the exact same commodity
6 that you were buying before at the same quality,
7 just for a lower price.

8 I mean, John and I spoke to the
9 Department of Transportation Acquisition Work
10 Force on Tuesday, and this was one of our shared
11 messages. Look, we're joined together in saying
12 this is the smart way to do the buying, and then
13 plow that back into the mission where you've had
14 these gaps created by the downward pressure.

15 So, just finishing up, you know,
16 we've talked about wireless. There are other
17 initiatives we've launched. I know office
18 supplies we talked about a lot, and we've seen
19 significant savings there. We spoke to you about
20 -- and I think there was a clear sense from the
21 PMAB, drive up the value chain, start with those
22 commodities where you can build successes, show

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1 the clear wins, and then move up. So, now we're
2 doing that and we've got a pipeline of things
3 like laboratory supplies, some of the IT
4 hardware that Steve has identified through
5 PortfolioStat. And then moving into things that
6 are more the services but not the, you know,
7 really complex services that I think will take
8 some time, but more building maintenance and
9 operations, and things of that nature.

10 So, one more thing that really was
11 driven home during our work together to, Gail,
12 your point about well, how much, exactly the same
13 or more of the same, the data. We don't have great
14 places to get data. Dan just said that. It was
15 something that was a shock to me when I walked
16 in this job about 18 months ago. There's no place
17 I can look and say even though I know every agency
18 buys these binders, how much do we pay per
19 binder? I know how much we paid to the vendor per
20 buy, you know, it's all -- the end spending is
21 all transparent, but the price per unit is
22 nowhere to be found, I mean, without a

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1 significant amount of roll up your sleeves elbow
2 grease, which I know Dan's team has done a lot
3 of.

4 So, we're building a prices paid
5 portal. GSA is running point. We've got DOD
6 involved since they have so much of the spend,
7 and OMB is using whatever resources we can apply
8 from a policy perspective to try to launch first
9 the pilot, prove it out. We're going to pick some
10 IT categories and some other commodities where
11 we've already got strategically sourced
12 vehicles, get that data, show the price
13 variance, show the best low-cost and low-price
14 options with the strategically sourced
15 vehicles, drive the demand there, and then
16 create that virtuous cycle that we all talked
17 about.

18 CHAIR VANROEKEL: Great things
19 happening on that front. As you can see, I had
20 to shake things up every way, the changing the
21 order in the slides --

22 (Off microphone comment.)

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1 CHAIR VANROEKEL: On the management
2 team we are ready for anything.

3 (Simultaneous speech.)

4 CHAIR VANROEKEL: Let's go back to
5 Slide 5, and Norm Dong is our Deputy Federal
6 Controller, who will take us through the work
7 he's been doing on improper payments.

8 MR. DONG: Good morning, everyone.
9 Before we actually get into the slides, I want
10 to step back and provide folks with a quick
11 snapshot of the progress that we're making on
12 improper payments.

13 We're continuing to see a positive
14 trend in terms of the error rate. And when we
15 calculated the error rate for fiscal year `12 we
16 saw that it had dropped to about 4.35 percent,
17 and I contrast that to the high-water mark of 5.4
18 percent that we saw in fiscal year `09. So, we're
19 making movements in the right direction.

20 And if you look at the programs that
21 have traditionally had chronically high error
22 rates, like Medicare fee for service, and

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1 Medicaid, and the Earned Income Tax Credit
2 program, as well as UI, which we'll talk about
3 in a few minutes, even with those programs we saw
4 that the rate was notching down slightly, as
5 well. So, again, I think we're kind of moving in
6 the right direction.

7 But even when you take that 4.35
8 percent error rate and you apply it to the base
9 of all federal spending, that's still a big
10 number, and we calculate that to be about \$108
11 billion. So, I think that underscores the fact
12 that we still have big challenges ahead of us.

13 So, I want to just recap some of the
14 earlier conversations that we've had with this
15 group in terms of improper payments. In prior
16 discussions we focused on two overarching
17 questions; one is looking at corporate best
18 practices among the organizations sitting
19 around this table for addressing error and fraud
20 prevention and detection. And then, more
21 specifically, talking about actions that the
22 federal government should take based on the

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1 experience around this table in terms of
2 managing improper payments and errors.

3 And I want to recap some of the key
4 findings that have come out of this group. What
5 we heard was the following. One is we can't try
6 to do it all at once. We can't try to boil the
7 ocean, but we really need to be focusing on a
8 subset of improper payments.

9 Based on that discussion our efforts
10 have focused largely on trying to move the needle
11 in terms of unemployment insurance and trying to
12 bring that rate down, but then also looking at
13 what Treasury is doing government-wide through
14 it's Do Not Pay portal. And we're going to talk
15 about each of those in a few minutes.

16 We also had conversation in terms of
17 looking at game changing approaches and focusing
18 really on the issues of incentive and
19 governance. And I think you'll see a lot of that
20 when we talk about the state-led model for
21 unemployment insurance through the Integrity
22 Center.

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1 Discussion around standardizing
2 data to lay a foundation for more effective
3 matching and analytics. And if you look at the
4 work that's going on at Treasury right now,
5 they're looking to standardize payment data so
6 that as agencies send information to Treasury to
7 make disbursements, they're taking the same
8 approach in terms of embedding these
9 transactions with the key information to help
10 with fraud and improper payments detection and
11 prevention.

12 And then, finally, on the issue of
13 data analysis. There's a lot of conversation
14 around that in the past, and what we see right
15 now is more of that across the federal government
16 but looking particularly at the Treasury and Do
17 Not Pay. They are building that capacity as they
18 stand up to the Do Not Pay program.

19 A couple of examples of some of the
20 analysis that we're doing. Treasury has worked
21 with one agency to examine the distribution of
22 age, of beneficiaries by age to see does that

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1 pattern -- does the data indicate the pattern
2 that you would expect? So again, being able to
3 do some initial analysis to say hey, that may not
4 look right, and be a red flag that requires
5 further review.

6 And another example is where the Do
7 Not Pay program is providing analytical support
8 to the Treasury OIG to help with that diverted
9 payment program. That's where you take
10 somebody's bank account number and you're
11 routing it away from the original source to
12 fraudulent actors.

13 So, if we go to the next slide on page
14 6, I want to spend a little bit more time
15 talking about the progress we've been making
16 with the UI Integrity Center of Excellence. As
17 many of you may know from earlier discussions,
18 the UI Center of Excellence is a partnership that
19 we have with the New York State Department of
20 Labor to develop and implement innovative
21 strategies to prevent fraud and improper
22 payments.

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1 And really New York is serving as the
2 lead among all the states, and the work that
3 we're seeing in New York will benefit all 50
4 states to build capacity among the states, again
5 with an emphasis on data analytics and
6 predictive modeling.

7 As the Center goes forward we're
8 focusing on a few key priorities. One is, as I
9 said before, data analytics and predictive
10 modeling methodologies and tools. Two is
11 developing a secure alert system to update
12 states quickly to new fraud schemes. And I want
13 to underscore the fact that it is secure, as we
14 were talking about this with the Department of
15 Labor yesterday. It needs to be secure because
16 (a) we don't want to tip off the fraudsters as
17 we make this information available; and (b), we
18 want to be able to share that information with
19 the states and not have other potential
20 fraudsters take a look at what's going on, so we
21 need to keep that information very tightly held.

22 Big focus on best practices and

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1 being able to identify what we're seeing across
2 the landscape and make sure that all states are
3 benefitting from the innovations that we're
4 seeing.

5 And then, finally, major focus on
6 training. And what we're going to be doing is
7 looking at analytic capability and program
8 integrity capability across the state landscape
9 and seeing where there are big gaps, and seeing
10 where there are trends, and be able to develop
11 a program, again with New York State taking the
12 lead, to be able to address those gaps as we go
13 forward.

14 In our initial few months we had
15 awarded the grant, when was it, Gay, in September
16 of last year, to New York State, so we've been
17 focusing with them in terms of standing up the
18 initial program infrastructure. Some steering
19 committees have been established focusing on
20 data analytics, the portals and information
21 technology element, as well as training.

22 Slide 7 provides the outlook ahead

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1 in terms of what we see as some of the key
2 deliverables on the horizon. They bring us back
3 to the issue of training. This month the Training
4 Subcommittee is going to be beginning to assess
5 state integrity capability and training needs so
6 that launches this month.

7 Back to the secure fraud portal,
8 we're currently going through the procurement
9 process, but we expect to be able to stand that
10 up by around October of 2013. That's our target
11 for launching that.

12 And then as we look into fiscal year
13 `14, that's when we're going to see more activity
14 in terms of the data analytics and the predictive
15 modeling capability, not just in terms of
16 developing the system, but also in terms of
17 hiring and building the staff capacity, as well.

18 MEMBER NARAYEN: You know, when we
19 first started talking about IT, we talked about
20 how government sometimes creates sort of, you
21 know, bespoke systems and systems for
22 themselves. And this is probably an area of

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1 research and innovation right now, the value
2 that's second to none. Right? I mean, big data
3 and what are you doing to find ways in which
4 people can analyze data for whether it's credit
5 card fraud, or what's happening on the web, et
6 cetera. So, I really encourage you as you look
7 at this rather than create, you know, again, a
8 sort of standalone separate system, there is
9 more dollars that are going to big data and
10 analytics than I think anytime in software's
11 history. So, I think there's a lot. A trip to the
12 West Coast and just seeing what companies are up
13 to in this space I think would be a very effective
14 use of your time.

15 MEMBER WILLIAMS: Yes, I would second
16 that. I think if you look at companies that are
17 in the credit card space, they have very detailed
18 analytic models to predict fraud and to be able
19 to triangulate specific transactions with
20 specific individuals, and send up red flags. I
21 know at American Express there's an enormous
22 amount of analytical capability.

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1 CHAIR VANROEKEL: I think on our
2 Recovery Accountability Transparency Board that
3 was stood up by an act of Congress after the
4 Recovery Act was issued, they engaged a lot of
5 data -- big data and forensics companies to do
6 work there, and it's seen as a really great
7 example. I think you're spot on thinking about
8 that in this space, as well.

9 MR. DONG: I know that last year we
10 had some initial visits with a few companies, but
11 I think we're not done yet in terms of the
12 research and information gathering, so I think
13 it's time well spent to continue that effort to
14 see how the corporate side is approaching this
15 issue. I think we have to learn from those
16 lessons --

17 MR. WINSLOW: And as we've been
18 working through this, we've gotten focused down
19 on specific issues that you've already pointed
20 to, Shantanu, that is the data analytics and the
21 capacity to extract from that data the patterns
22 of behavior which you want to flag as you do go

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1 through all these things.

2 MR. DONG: Right.

3 MR. WINSLOW: And I know Gay Gilbert,
4 who is the Program Manager for the Department of
5 Labor just sitting in the back there, we've
6 talked with some of the folks in some of the tech
7 forums have we not?

8 MS. GILBERT: We did have some
9 presentations from eBay that were very helpful,
10 and that is all part of our learning space.

11 MR. WINSLOW: Exactly.

12 MS. GILBERT: We also spent a lot of
13 time with the Medicaid, their fraud lab and
14 they've been engaged in the data over a couple
15 years to help with their learning and how they
16 approach their assets. So, we -- but Norm is
17 correct, we're still in a learning mode so I
18 think we're -- difficult.

19 MR. WINSLOW: Yes.

20 CHAIR VANROEKEL: And during the
21 Administrative portion at the end of this
22 session we're going to talk about -- so this is

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1 a huge area of opportunity with the government.
2 And as we think about the PMAB membership, there
3 may be some additional professionals who could
4 suggest -- to come in and bring real insights
5 into this phase both on the big and small side.

6 MR. DONG: Okay. I'm going to shift
7 the conversation to focus more on Do Not Pay,
8 which starts on Slide 8. And I'm very excited
9 about the progress that we've made over the past
10 year with the Do Not Pay program.

11 Just to recall, that the Do Not Pay
12 program is a centralized data matching service
13 launched last year run by the Treasury
14 Department, and the service allows us agencies
15 to check multiple databases to determine a
16 recipient's award or payment eligibility.

17 And, you know, we build this program
18 we're focusing with a core of two datasets, the
19 Death Master File, as well as the Excluded
20 Parties List System. And that is, I would
21 consider the standard that we use for all the
22 payments, but then based on what agencies have

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1 in terms of existing authorities or additional
2 authorities, we're accessing other data sets, as
3 well, which you see listed here on Slide 8 in
4 terms of the Debt Check database, the Work
5 Number, as well as the Central Contractor
6 Registration.

7 And since we launched the program
8 last year, we've been working to address and
9 balance several key challenges. One is balancing
10 the need to share information with the need to
11 respect and follow privacy rules. But then,
12 also, the challenge of how do we integrate this
13 new Do Not Pay process into agency business
14 processes?

15 So, the milestone that we just hit
16 last weekend was by June 1st we had set out to
17 run all federal payments, as appropriate,
18 through the Do Not Pay program. And as we were
19 thinking about this, we first focused on
20 agencies doing it one by one for the
21 pre-disbursement process. And we decided that
22 that's probably a better way of doing it where

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1 if agencies are already sending payment
2 information to Treasury, why not do it on a
3 centralized basis where Treasury takes that
4 information and screens it against these data
5 sets, and then figures out the hits. So, that's
6 the approach we're taking, and we think it is a
7 much more effective way of achieving scale
8 across the federal government. And that's what
9 we launched as of June 1st.

10 And in terms of how we act upon those
11 hits, we recognize that not all hits translate
12 into stops. There may be a valid reason why a dead
13 person is being paid. So, for example, the
14 beneficiary may --

15 MEMBER McGOVERN: Sorry. Can't wait
16 to hear this.

17 (Laughter.)

18 MR. DONG: That beneficiary may be
19 paid or survivor may be paid the beneficiary's
20 benefit, so it's not an absolute rule where, you
21 know, you see a dead person, you've got to not
22 make the payment. You've got to understand

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1 what's going on, what's the back story on that
2 transaction? So, we want to be able to be more
3 thoughtful in terms of understanding what's
4 going on agency by agency to make the right
5 decision, as opposed to simply stopping all
6 payments and then when they, in fact, may be
7 valid payments.

8 So, the process for doing that is as
9 Treasury takes the payment information coming
10 from the agencies, they screen it against the
11 data sets that I just described, and they'll take
12 the list of hits. They push the list of hits back
13 out to the agencies for adjudication and
14 disposition.

15 So, let's just say Treasury finds
16 100 hits for the Department of Housing and Urban
17 Development. We send that information back to
18 Maurice's team, and they run those hits to
19 ground, and they may decide okay, 10 are actually
20 valid payments, but 90 are payments that should
21 be stopped. And that allows us to make more
22 thoughtful, thorough review of all the payments,

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1 and make sure that people who should be paid are
2 getting paid, and those who are not will not get
3 paid.

4 And then we want to see the feedback.
5 We actually want to see how those dispositions,
6 how those hits are being disposed of one way or
7 the other. So, as Treasury pushes out this
8 information at the beginning of the month,
9 agencies are required to send disposition
10 reports back to Treasury and to OMB at the end
11 of the month, so that gives us that cycle where
12 we can see how the hits translate either into
13 stops or valid payments.

14 MEMBER McGOVERN: So, your overall
15 rate is 4 point something percent.

16 MR. DONG: 4.35.

17 MEMBER McGOVERN: But is there a
18 point where you say okay, I'm now spending more
19 to chase this than I am the upside? And do you
20 know where that is?

21 MR. DONG: We've set an initial goal
22 of 97 percent accuracy, or 3 percent error, which

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1 I think is stretching us beyond where we have
2 been historically. And I think it reflects kind
3 of the fact that you'll never get 100 percent
4 accuracy. And then, also, as we look at some of
5 these payments, not all of the payments are
6 overpayments. Some of the payments are actually
7 documentation errors where -- so, let's just say
8 I've got a contract where the vendor did the
9 work, but the period of performance -- it had
10 gone beyond the period of performance. You could
11 argue that, you know, that vendor was entitled
12 to that payment because they did the work, but
13 you didn't do the paperwork to adjust the period
14 of performance.

15 CHAIR VANROEKEL: She's saying do we
16 have a target for a line --

17 MEMBER SMITH: 3 percent is what I
18 heard.

19 CHAIR VANROEKEL: Yes, but that's the
20 goal. I don't know if that's the cost benefit
21 analysis line --

22 MEMBER McGOVERN: Yes, I'm just

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1 trying to figure out --

2 CHAIR VANROEKEL: -- because
3 operationally it costs more.

4 MEMBER McGOVERN: The process that
5 you've described to me sounds a little labor
6 intensive. You're sending it one place, somebody
7 has to investigate everything, they send it
8 back. And I'm sure we're nowhere near this point,
9 but taken to its illogical conclusion, you're
10 going to be spending more money chasing after
11 this than you're getting upside. And I just
12 wondered if you had a feeling for that because,
13 you know, you're -- you can't always police the
14 unpoliceable. I mean, no matter how great your
15 data analytics get, these fraudsters find
16 -- they're like water, they just sort of find a
17 path of least resistance.

18 MR. DONG: Yes. We want to be able to
19 monitor the initial results closely as they come
20 back from the agencies, so if we see that this
21 is a huge grind for the agencies and is so labor
22 intensive, and it's just kind of grinding

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1 everything to a halt, then we may need to adjust
2 how we approach this.

3 And to that end, we also want to use
4 technology and automation so that it's less of
5 a manual process.

6 MEMBER McGOVERN: Yes.

7 MR. DONG: And that as we learn on how
8 agencies adjudicate this, why not just build
9 that into the business rules up front so that
10 you're slowly --

11 MEMBER McGOVERN: Right.

12 MR. DONG: Hopefully, more than
13 slowly, quickly moved out of the process of
14 moving -- having a manual very labor intensive
15 approach to a more automated approach.

16 MEMBER SMITH: Well, along those
17 lines as you were talking about, so the example
18 you gave of if someone's data turns out it's a
19 legacy payment to their estate, shouldn't that
20 be -- or can't you handle that in data entry? I
21 mean, I'm just thinking about why you wouldn't
22 -- to Gail's point, I'm struck by running all

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1 that down, you know, so when you go back to your
2 data warehouse is there an opportunity for more
3 of what I call sophisticated mapping so that you
4 don't have all these exceptions hitting the
5 screen. So, if someone dies they put them to a
6 PS1 number, and then, you know, I'm just thinking
7 about you maybe want to go a little step forward
8 in the data entry process.

9 MR. DONG: Absolutely. And when we
10 talk about data standardization in terms of the
11 --

12 MEMBER SMITH: Right.

13 MR. DONG: -- information that
14 we're putting in our payment file going to
15 Treasury, that is something that we can do more
16 standardly across the board. So, if I'm putting
17 in data that shows that it's actually to a
18 survivor, then it's not going to be --

19 (Simultaneous speech.)

20 MR. DONG: -- do all that back end
21 work.

22 MEMBER SMITH: Right. So, you are

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1 doing kind of the front screen data cleansing and
2 --

3 (Simultaneous speech.)

4 MR. DONG: Figure out okay, what is
5 the core set of information that I need to see
6 on every payment?

7 MEMBER SALEM: And one thing you may
8 want to consider, there's three companies in the
9 United States that probably pay 75 percent of
10 every private sector employee between ADP,
11 Paychex, and Ceridian, and you may actually want
12 to just go talk to them about if we were going
13 to try and solve this problem, is there a
14 creative way, because they literally are cutting
15 checks every week, every other week, and there
16 may be some knowledge they have, or there may be
17 some data feeds they can give you that would be
18 a Social Security lookup or something and say to
19 the UI, the State UI agencies, look, this person
20 is receiving a check from an employer, there's
21 no reason to pay him. So, I would say those --I'm
22 pretty sure they pay at least 70, if not more,

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1 of the private sector at this point.

2 CHAIR VANROEKEL: I think the other
3 do out I'm hearing from this us going back and
4 making sure that we're tracking, super
5 diligently tracking the cost structures of the
6 process, and goaling ourselves around
7 optimizing both productivity and cycle time that
8 drives us to technology or other things, and then
9 we can metric against that.

10 I think your assumption is right,
11 that 3 percent is still a win, but not all the
12 way there on a cost-benefit analysis.

13 MR. WINSLOW: So, one of the other
14 things I just want to highlight, just following
15 up with Liz' question. The reason for what
16 Treasury is in the process of doing by capturing
17 the adjudication results is to figure out what
18 are those things that should be built into the
19 front of the system. So, trying to build a bit
20 of a closed loop, and we're still at the sort of
21 beginning stages of figuring out what are those
22 components of data that do need to be baked into

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1 the front of the system.

2 MEMBER SMITH: So, that will make the
3 whole cost of compliance analysis a little bit
4 slippery because, presumably, you're going to be
5 getting better, and better, and better and
6 automate a lot of this, so --

7 CHAIR VANROEKEL: Norm, can you hit
8 the -- it says at the top "As appropriate." make
9 sure we don't skim over that -

10 MR. DONG: Sure. We interpret as
11 appropriate two ways. One is we don't want to
12 duplicate work that's already being done, so if
13 you look at the pre-award process there's a
14 system called SAM where agencies are already
15 looking -- doing a lookup against these same
16 databases. So, we didn't want to make them repeat
17 that process and do that twice.

18 Secondly, while Treasury disburses
19 most of the federal payments, it's not all of the
20 federal payments, so there are other disbursing
21 organizations in the federal government where
22 there are some systems limitations right now

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1 that prevent us from moving 100 percent of their
2 payments through Do Not Pay, but those are issues
3 that we're working on.

4 CHAIR VANROEKEL: We think that's a
5 pretty small number.

6 MR. DONG: Yes. Slide 9 real quick
7 just to summarize, the road ahead our focus is
8 on (a) developing an implementation guide that
9 helps make this process -- to help
10 institutionalize the process across the federal
11 agencies, as well as to reach out to states and
12 let them access the Do Not Pay program for
13 state-administered payments.

14 Also, we talked before about how
15 we're just using two databases in terms of the
16 Death Master File and the Excluded Parties List.
17 We want to be able to add other data sets into
18 the Do Not Pay program. We look at CBRS at the
19 Department of Housing and Urban Development that
20 helps us determine creditworthiness, and it
21 helps us with the eligibility question. But then
22 also we look at the Work Number for unemployment

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1 insurance. Again, that provides detailed
2 earnings data that helps us, again, have a better
3 sense of program eligibility.

4 MEMBER WILLIAMS: How comfortable
5 are you with the metrics that you're using to
6 measure the activity and the yield on each
7 activity?

8 MR. DONG: In terms of how we are
9 disposing of the hits? I'm not sure I understand.

10 MEMBER WILLIAMS: Well, in the whole
11 program you have a set of activities you're
12 engaging in. And some activities will have a
13 greater yield to Do Not Pay than other
14 activities, so how do you -- how comfortable are
15 you that in tracking that you have good metrics
16 by agency, by activity, that gives you a sense
17 as to where the yield actually is? Not all
18 activities will have an equivalent yield, I
19 would assume.

20 MR. DONG: Yes, as we look forward to
21 the results that we're going to be sharing with
22 the agencies, I think that will give us a better

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1 sense. So, in some of our initial work, for
2 example, we saw that there are a lot of false
3 positives. So, again, it kind of comes back to
4 the labor intensity of this effort, and are we
5 getting a lot of false positives, and are we
6 getting a lot of noise here? And, again, what do
7 we do to kind of change some of the business
8 rules, and do more of the up front work so that
9 you're not creating a lot of work at the back end?
10 But we will know better as we begin to see the
11 results coming off of all payments running for
12 June for Do Not Pay, which started June 1st.

13 CHAIR VANROEKEL: Great. Skipping
14 around once again -- GSA Acting Administrator.
15 The President has nominated him -

16 MEMBER LEE: Sorry, Steve. I was just
17 -- I couldn't hear. I couldn't hear what you were
18 saying.

19 CHAIR VANROEKEL: Sorry. I was
20 bouncing over there. Slide 13, bouncing over to
21 Dan Tangherlini who is the Acting Administrator
22 of our General Services Administration, and very

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1 recently the President nominated him to be the
2 permanent administrator.

3 MR. WINSLOW: Well, maybe not
4 permanent --

5 (Laughter.)

6 MR. TANGHERLINI: Thank you very
7 much, Steve. And I think that this is much like
8 the Strategic Sourcing Initiative. An example
9 where if you focus on what you take to be fixed
10 costs, you can try to make them variable so that
11 you can then drive them down.

12 We have a working assumption. It's
13 -- I think it's a pretty safe one, and that is
14 that the federal government has more real estate
15 under lease than it needed to carry out its
16 missions and activities. And we've identified,
17 we've gone through a process over the last
18 several years, the Administration has been very
19 focused on this issue. We have identified
20 properties that we can either repurpose and
21 consolidate agencies into what we can put back
22 into the marketplace. In fact, you've probably

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1 just heard that this week we finalized the terms
2 with the Trump organization for them to do a
3 60-year out lease of the Old Post Office Building
4 and turn that into a hotel.

5 We also released an RFP where we're
6 looking to work with the private sector partners
7 in Silicon Valley to help us operate the Moffett
8 Federal Airfield and use that operation to get
9 investment in a historic structure. So, we are
10 pushing very hard on finding ways that we can
11 leverage these assets.

12 We believe that by eliminating these
13 under-utilized or excess properties, or getting
14 improved utilization of the properties we have
15 we can drive down the cost of operations, and we
16 think there are second-order effects in terms of
17 reducing the tail, the administrative tail that
18 goes with those programs, as well as, I'll talk
19 a little bit about this, really pushing up
20 productivity as we find ways to either
21 collaborate and cooperate, and just even bump
22 into each other in the hallways.

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1 We've made significant progress.
2 The President and OMB have issued a variety of
3 guidance around telling agencies that they
4 really need to look in at this particular line
5 item, challenging them to be more aggressive
6 about approaching the way they physically
7 organize themselves, and encouraging people to
8 work together to collaborate, and particularly
9 work with TSA on trying to find ways that we can
10 better manage these assets.

11 We've already generated more than \$8
12 billion in savings over the last two years, and
13 we've adopted a pretty aggressive policy, a
14 hard-ceiling policy of zero growth in the
15 federal real estate portfolio.

16 Now, at GSA, we want to do better
17 than zero, and that's our goal -- to push down.
18 We think the opportunity, as I said, is by
19 shrinking and maximizing, well, not maximizing
20 but shrinking the federal government's
21 sprawling real estate portfolio, maximizing the
22 utilization. How did I not get that? Will allow

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1 each agencies to realize its efficiencies and
2 save directed toward their mission-critical
3 activities, push it back into the mission or
4 return it to the taxpayer. Don't put it in the
5 space that you're not using. But we have some
6 challenges.

7 Like strategic sourcing, we have
8 very limited visibility. We look through a
9 porthole, frankly. We don't get a picture window
10 into what agencies' real estate holdings are,
11 how agencies use that real estate, even how many
12 people come in and out of the buildings in a given
13 day.

14 We are concerned about developing a
15 shared government-wide goal, we're very
16 concerned about developing a one-size-fits-none
17 policy that then creates a lot of agency push
18 back, so we have to figure out ways that we can
19 come up with some metrics, or some strategies
20 that agencies can accept, and they can adopt.

21 Real estate has a long lead time, and
22 the savings is needed now. Part of the problem

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1 is as we see lease expirations coming up, we've
2 been working on that with agencies for 36, 24,
3 12 months. Some of the exigencies, some of the
4 focus, some of the energy that we're feeling now
5 may not have been felt several years back, so how
6 do we make sure that we're not pouring concrete,
7 if you will, around the government we have rather
8 than the government we want, and the costs.

9 Even fast payback projects,
10 projects that pay back in 13 months when you have
11 a 12-month budget cycle, a hard budget cycle, and
12 you have issues as we've had with getting
13 appropriations, even fast payback projects are
14 hard to actually buy.

15 So, current tactics, some of the
16 things we're doing. We're trying to create not
17 just bigger but better tails on real estate data
18 to get aligned government-wide data collection
19 to decision making, getting agencies to
20 contribute more, focusing on what we're asking
21 agencies about, trying to develop deeper
22 understanding of agencies' portfolio.

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1 Freezing the footprint, we're going
2 to tell agencies and work with agencies to say
3 look, there's a no expansion policy. If you need
4 to expand, expand within your current resources
5 or work very closely with OMB to plan it and
6 justify. We've got to trust, but we also have to
7 verify, so we're asking agencies to develop
8 their plans, provide those plans to OMB. We'll
9 work closely with OMB to try to understand what
10 the needs of the agencies are going forward.

11 We need to encourage the adoption of
12 flexible workplace management practices. At our
13 headquarters, GSA, we just opened two weeks ago
14 in the space where 80 percent of the offices are
15 telling, only 20 percent are assigned. I sit in
16 a 6,000 square foot area with about 50 people.
17 We went from the distance between the two other
18 chief leaders in my organization in two separate
19 buildings being about 4 miles to being less than
20 40 feet. And I tell you, it's a powerful message
21 when people walk up and they see I'm sitting at
22 a desk not much bigger than this end of the table.

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1 It's kind of hard for them to start complaining
2 about the actual turf that we're fighting for now
3 with agencies and organizations. Every square
4 foot that goes into space is one -- every dollar
5 that goes into space is one dollar less that
6 could go into programs.

7 We also need to get ahead of the
8 curve by developing a better, more robust, and
9 more thoughtful long-term real estate plan
10 process. Real estate is a long-term lead item.
11 It really does define to some extent a big chunk
12 of cost structures, and we really need to start
13 describing where we want to go if we have any hope
14 of trying to get there.

15 We also need to find ways that we can
16 cut to the chase, and when we are done with the
17 property, when it's being accessed, when it's
18 time to put it to a different use, we need to find
19 ways to get through the legislative and legal
20 process to get it out into the market.

21 The Administration has a proposal,
22 there is also a proposal in the House, there's

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1 a proposal in the Senate for reforming the ways
2 we deal with civilian non-military real estate,
3 so as they say, those are the three ingredients
4 you need in Washington to bake anything
5 legislatively, the Administration, the House,
6 and the Senate. We think we can probably work out
7 a deal to try to move something forward in this
8 Congress.

9 So, that leads to how you can help
10 us. We have a couple of questions for discussion.
11 I hope we'll generate some response, maybe you
12 can even respond if these aren't the right
13 questions. But how have you, or how do you
14 identify under-performing assets in your real
15 estate portfolio? How do you do that? How do you
16 figure it out? How do you overcome the incentives
17 within your own organization for people to hold
18 on to those assets? I imagine what we see in the
19 federal government is probably replicated in
20 your organizations, as well.

21 Is real estate playing a
22 corporate-wide exercise, is it something you do

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1 at the corporate level, or do you do it at a
2 sub-corporate level? Do you let something below
3 the corporate level make those decisions? So,
4 for us, it could be is it at the Administration
5 level, or is it at the agency level, or is at the
6 local and regional level?

7 And then how do you think about the
8 balance between pushing improvements in units
9 that are less advanced versus across the board
10 mandates? So, how do we strike that balance of
11 trying to do smart cuts with just forced cuts,
12 you know? How do you handle that within your
13 organizations?

14 And then how do you think about
15 structuring the goal-setting process to insure
16 that you do, in fact, get buy-in? So, even if you
17 are getting to the hard cut, the mandates, how
18 do you make sure that people aren't squirming
19 around you and figuring out every which way to
20 not deliver the outcome?

21 Those are some of the questions
22 perhaps we could talk about.

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1 CHAIR VANROEKEL: Right before --

2 (Simultaneous speech.)

3 MEMBER SALEM: I would say, though
4 -- I mean, these are good questions,
5 corporate-led kind of top down management of
6 your employee base and your real estate kind of
7 go hand in hand; meaning, where do you want your
8 workforce to be, what do you want the real estate
9 footprint to look like? These are mandates.
10 These aren't things that if you leave it up to
11 the little individual units they're going to get
12 anywhere. So, I'm sure if you go talk to the real
13 estate managers they will say that they have big
14 support from the executives in the company on
15 which direction they're going to go, and it is
16 pretty top-down.

17 I would tell you there's really easy
18 techniques on under-performing assets now,
19 everything from how many people badge in to a
20 location. I mean, some of the work that was done
21 where I used to work, we ran reports and we had
22 small offices in places where there was minimal

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1 utilization just from the badging report to when
2 you shut those down, and it was pretty striking.

3 So, again, the real estate managers
4 will tell you all the techniques because they all
5 get together and talk about it. The thing I would
6 encourage, that you talked about, Dan, which was
7 great, is the flexible workforce. I think that
8 most companies have really seen the biggest
9 gains there in reducing their footprint. You're
10 already on that so I don't know what more -- what
11 best practices you're missing but, again, you
12 could ask real estate managers because they're
13 usually involved in that, too. MR.

14 TANGHERLINI: It's interesting it has this nexus
15 with the technology work that Steve's been
16 really leading over the last several years. We
17 found that by pushing to the cloud it's easier
18 to make people more flexible and mobile. The
19 other thing is it makes our whole operation more
20 resilient. After super-storm Sandy, we had folks
21 who were able to get right back in the system to
22 help get the government stood up and working

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1 again.

2 One of our heroes up in New Jersey,
3 she found her way to the one coffee shop in the
4 neighborhood that had Wi-Fi still working, and
5 she was able to log in and help us move forward.

6 MEMBER SMITH: You know, I was just
7 going to say, you know, being in the restaurant
8 business company, we deal a lot with real estate
9 and these issues, you know, and distribute it,
10 and people holding on. And I would just reiterate
11 we moved towards a centralized real estate
12 organization and pulled the decision making from
13 the individual concepts because there's -- that
14 just doesn't work.

15 Real estate is a core functional
16 expertise and there's no argument that says that
17 I'm in this agency, have a different lens I need
18 to go on real estate. Real estate is about ROI,
19 what are you getting out of it? So, that is
20 absolutely functionalized and centered
21 everywhere. I can't imagine there's any argument
22 left out there that would fly, and I'm sure they

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1 could make it, but the facts just don't support
2 that in the private sector. You're never going
3 to find anyone heavily real estate dependent who
4 allows that to exist in the business units any
5 more. So, I just think that ship has sailed, and
6 so the government needs to go like no one does
7 it this way any more, perhaps they're right.

8 MR. TANGHERLINI: Is that an
9 evolution up that we point to --

10 MEMBER SMITH: There's no one that
11 does that any more.

12 (Simultaneous speech.)

13 MEMBER SMITH: Twenty years, you
14 pulled it 15 years ago, yes. And that's why
15 industry was slow to react, right, because
16 particularly in our industry where casual buers
17 here -- you didn't have a lot of infrastructure.
18 Right? So, for Carrabba's, they got to control
19 their own because no one wanted to ruffle the
20 founder, and Outback controlled its own, ruffled
21 the founder. So, we were probably a great -- a
22 little bit analogous to the federal government

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1 in that nobody wanted to disturb the different
2 founders. That has had to change just because
3 there's no expertise out there. Analytics exist
4 and it's simply the argument for, you know,
5 having particular expertise that's only suited
6 to how you're -- it's just very hard to staff
7 that up. So, yes, I would say that over the last
8 X amount of years that certainly anyone who wants
9 to compete in a slow-growth environment has kind
10 of acknowledged that there can be productivity
11 and efficiency that come out of that.

12 The one thing I would just say, and
13 how do you get people to -- you know, you were
14 saying -- I wrote down how do you get people to
15 buy into that and everything? One of the
16 challenges that you guys always have is that
17 there's no penalization for inefficiency, so the
18 way you get it in business is that capital and
19 real estate isn't free. There's an expense
20 portion of capital and depreciation that flows
21 through your PNL that you are measured on, so the
22 impetus to get rid of under-performing assets

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1 and to clear your balance sheet of those and have
2 a reserve is there because you are measured on
3 them.

4 You need to set up -- I know there's
5 -- after two and half years on this, know
6 there's limitations, but unless you have some
7 benefit towards clearing under-appreciation or
8 tax back to you in the form of depreciation
9 expense that you're measured on, why are you
10 going to get a ground swell of impetus? So, I
11 think you need to figure out how to incorporate
12 that accountability on capital allocation
13 efficiency into the performance metrics of these
14 different agencies.

15 (Simultaneous speech.)

16 MR. DONG: -- essentially managed
17 as business units, frankly, but program units
18 are not feeling the cost of their --

19 MEMBER SMITH: Right. And that's why
20 even though it's centrally managed on real
21 estate at our company, the costs flow --

22 MR. DONG: You're pushing the cost

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1 down.

2 MEMBER SMITH: -- through the
3 individual concepts --

4 MEMBER KINDLER: Yes, I was going to
5 make the exact same point. We had a period of time
6 where capital was free, people were only looking
7 at income statement, not the balance sheet.

8 MEMBER SMITH: Right.

9 MEMBER KINDLER: They weren't
10 charged for the depreciation, so build a
11 building, doesn't cost you anything, across
12 corporate. So, I don't know the extent to which
13 it's feasible for you to apply depreciation
14 charge, have capital ROI metrics, but that's
15 when it starts to -- that's when they pay
16 attention to it.

17 MEMBER SALEM: We actually do annual
18 financial statements for each of the agencies.
19 It does include depreciation, but depreciation
20 isn't used in the decision making in any
21 meaningful way.

22 MEMBER KINDLER: Yes, but if you want

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1 them to take ownership --

2 MEMBER SMITH: You have to do it. And
3 that did happen in businesses a while ago, which
4 was, you know, actually capital isn't free.
5 Here's your expense, and the expense portion of
6 the capital, here's your bottom line target. If
7 you don't hit that --

8 (Simultaneous speech.)

9 MEMBER NARAYEN: Those are -- I mean,
10 I completely agree with the point, but here it
11 may be mocking the market because all of the real
12 estate here is probably among the best real
13 estate in the world, but it's not that expensive
14 because it's been on the books for, you know,
15 ages. So, you know, it actually might be the
16 reverse here, which is you have to --

17 MEMBER SALEM: That's interesting,
18 and that is the one thing, within the GSA
19 portfolio we do actually rent the property at a
20 3-year -- we do it on an annual and a 3-year
21 rolling appraisal and adjustment, so we charge
22 market rents. Now, what's interesting is because

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1 of the way it's structured, we don't get to make
2 market reinvestments in the properties --

3 MEMBER WILLIAMS: Just a couple of
4 quick points, if I may. I think probably your
5 situation is probably more analogous to merger
6 integration than operating an existing
7 business. If you put two large businesses
8 together, you have a control and a
9 rationalization process of duplicate sites. You
10 have different leases, different terms, et
11 cetera, and you have often inadequate control in
12 the sense that one side knows a lot more than the
13 other side knows in that process.

14 So, I would think about it more as
15 an analog to two large organizations coming
16 together or several small ones and how do you get
17 control over that process with the inventory and
18 some critical decision making? I think it does
19 have to be top-down, and I think the way you
20 control it is given the lead time for real estate
21 you control it with a multi-year strategic plan
22 integration, so that your real estate is not a

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1 separate activity from your business planning.
2 It is an integral part, and just as people would
3 have goals for productivity, for customer
4 service performance, there are multi-year goals
5 for real estate rationalization and facility
6 which would get you there.

7 That also permits you to integrate
8 the technical infrastructure to move more into
9 not just hoteling, but telework where people
10 actually work at home. And the infrastructure
11 and metrics have to be in place to make that work,
12 but at Aetna we got up to about 50 percent of
13 40,000 people working at home. Needless to say,
14 it did wonders for our real estate footprint. Our
15 productivity went through the roof, customer
16 satisfaction was extremely high because it was
17 a privilege to work at home. It was highly
18 valued, and it was something that people
19 couldn't get and really wanted to be able to
20 maintain.

21 MEMBER GILLILAND: Dan, a question
22 for you, because I think there's probably

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1 violent agreement amongst this group about
2 top-down, but we also have the benefit of -- I
3 think most of us would say we have a single
4 mission, that we hope to have a single mission
5 at our companies. And you've got agencies with
6 many missions, so if you think about the agencies
7 in the intelligence realm versus others, what do
8 you think your addressable opportunity is? And
9 realistically speaking, there's only so much
10 top-down you can do, it would seem. I mean, you
11 can provide templates, perhaps, to some of those
12 intelligence agencies who I think would be
13 pretty resistant to your meddling.

14 MR. TANGHERLINI: Yes, we control
15 about 10 percent of the federal real estate at
16 GSA.

17 MEMBER GILLILAND: Okay.

18 MR. TANGHERLINI: Control somewhere
19 around a 40 or 50 percent of the office space.

20 MEMBER GILLILAND: Okay.

21 MR. TANGHERLINI: But the part that
22 we don't control is really DOD and intelligence.

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1 MEMBER KINDLER: Is what?

2 MEMBER GILLILAND: DOD and
3 intelligence.

4 MR. TANGHERLINI: DOD and
5 intelligence. So, in a way you move into the
6 addressable opportunity, it's not a small one.
7 We have a third of --

8 MEMBER GILLILAND: Okay.

9 (Simultaneous speech.)

10 MEMBER GILLILAND: Yes.

11 MR. TANGHERLINI: Even at that, you
12 know, half of that office space level, so the
13 question is can you work with -- you know, can
14 we work with agencies that -- even if their
15 missions are very different, we're talking about
16 pretty much a common asset, and finding ways to
17 actually gets agencies to think collaboratively
18 and across agency hierarchies, so even within
19 agencies, you know, they're pretty stovepiped.
20 John's is a good example of that.

21 MR. PORCARI: One of the real
22 incentives I think for all of us is we know we're

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1 never going to get capital money for, for
2 example, our R&D facilities. And Dan has changed
3 his culture at GSA to the point where we're
4 actually comfortable working with GSA on a
5 public-private partnership.

6 We have 14 acres in Cambridge,
7 Massachusetts abutting MIT at our
8 Transportation Research Center, for thought
9 leaders, for a lot of transportation work. We are
10 never going to be able to renovate that 1960s era
11 space and R&D facilities, but we have one-story
12 buildings and surface parking lots in some of the
13 most valuable real estate in the country. We're
14 doing a public-private partnership to unlock
15 some of that FAR and some of the value and get
16 renovated facilities as part of it.

17 And that's a relatively easy sell
18 because we can get directly to the core mission
19 for our employees, and they see the benefit in
20 that one.

21 MEMBER McGOVERN: It strikes me, if
22 you are already charging market rent, you know,

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1 it's marked to market and it's market rent one
2 way to incent people is to reduce their rent if
3 they reduce the square footage. So, you can get
4 people to free up half of the property by
5 scootching in the way you're doing, and cut the
6 rent in half even though you haven't disposed of
7 the building. And then you use the other half of
8 the building --

9 MR. TANGHERLINI: You only charge
10 them for the space they occupy.

11 MEMBER SMITH: The space they use.
12 So, why aren't they incented to do what you did?
13 I mean, it's free money for them.

14 MR. TANGHERLINI: Yes, I think it
15 does get into, you know, the actual turf war. I
16 mean --

17 MEMBER SMITH: So, in other words,
18 they'd rather overspend their budget than --

19 (Simultaneous speech.)

20 MR. HAYES: Can I speak to that,
21 because I think we're dealing with a historical
22 problem, because we didn't have Dan heading GSA

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1 for years. And the view in the field is we have
2 70,000 employees, we have 150,000 structures,
3 many of them are not GSA, but the view is GSA
4 charges market rates. It's completely
5 insensitive to what's going on in our community.
6 We see that we're paying way more than other
7 people should be paying. We're stuck with it, and
8 the idea of incentives are not historically
9 there, I think. I mean, we're seeing it with
10 innovations right now, that Dan working with our
11 Denver Center where we have 10,000 employees
12 across, in our siloed Park Service Bureau of Land
13 Management, Bureau of Reclamation, et cetera. I
14 think we have to tackle those big kind of moving
15 pieces and show our workforce which is very
16 skeptical. Their view is we are getting killed
17 in terms of our budgets by what GSA top-down is
18 telling us we have to pay for real estate in our
19 community, and we know that we should be doing
20 better than that. That's kind of the cultural
21 challenge that we have, I think.

22 MEMBER MCGOVERN: But just for point

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1 of clarification, so if they're paying it and
2 they don't like the rate, but they're stuck
3 paying it, why don't they scootch into smaller
4 quarters and reduce the rate? I mean, that --

5 (Simultaneous speech.)

6 MEMBER McGOVERN: -- square footage,
7 just reduce the square footage.

8 MR. HAYES: You know, the whole -- I
9 was in Moab, Utah two summers ago. We have Park
10 Service over here, we've got BLM over here, we
11 have USGS over here. They're not consolidated.
12 The leases come up every five or ten years, you
13 know. There's not a nice obvious entry point
14 often I think for those negotiations. I think
15 that's right. I think that's the key, is to use
16 those entry points and have more of a menu of how
17 -- and empowering the agencies to realize if
18 they work with the newly creative people at GSA,
19 you can save money, because we do feel it in our
20 budget. There's no doubt about that. But we,
21 historically, have not had kind of the lean in,
22 I would say, from GSA, so we have a cultural kind

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1 of thing to get over here.

2 MR. DONG: But you're providing that
3 service now for different agencies through your
4 portfolio analytics --

5 MEMBER SALEM: Yes, we're doing a
6 portfolio analysis. The problem with the
7 portfolio analysis, I have to say, is it takes
8 a long time to do, and we're feeling this right
9 now, and we have leases expiring right away, so
10 we have to strike some balance between immediate
11 and emerging response, as well as having this
12 long-term strategic plan.

13 Now, I'll be perfectly honest, our
14 engine was just kind of running happily along,
15 we'd get the leases, we'd renew the leases, no
16 one wanted less space. Right? There was always
17 an interest in a little more, so we're trying to
18 find an extra room, so we've gone through this
19 massive shift in the way we need to relate to the
20 agencies and, frankly, the agencies need to
21 relate to us.

22 You add to that then decades of kind

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1 of experience and legend, and clear, obvious
2 mistakes, so it makes for an interesting job. I'm
3 wondering if I actually want it any more after
4 -- (Laughter.)

5 MEMBER KINDLER: Can I just clarify
6 a point that David made, that one of you two can
7 explain. Why would GSA be charging above-market
8 rents?

9 MR. TANGHERLINI: I would argue that,
10 you know, it's like any price. If I publish a
11 price, you can go find a store that's selling it
12 for cheaper. We aren't. We're doing it under a
13 law that says how we will determine our rents.
14 We're forced to charge market rates so that we
15 aren't actually cheaper than commercial real
16 estate, so that there is a make-by decision that
17 agencies get to make.

18 There's a bigger question, and it's
19 one maybe for a follow-on discussion, perhaps,
20 with the CFOs, the real estate folks, and that
21 is how do you actually finance then smart capital
22 investments such as the consolidation of the

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1 space in Moab? We've been in Moab for quite some
2 time. We are probably going to stay in Moab. Why
3 are we in a market that doesn't have a facility
4 that could fit all of DOI's needs? Why aren't we
5 building one?

6 So, the question comes then to how
7 we finance things in the federal government,
8 particularly on the real estate side. It gets
9 pretty complex, and gets into budget scoring
10 rules that are neat and interesting, but it's
11 worth the conversation to help us start thinking
12 about maybe ways we can change that.

13 MEMBER NARAYEN: I think the
14 Cambridge example is a good one. So, how do you
15 think about it now? How do you think about it when
16 you're saying it's this prime real estate in
17 Cambridge, and you can do different things with
18 it, so how do you go about making that strategic
19 decision? I'd be curious.

20 (Simultaneous speech.)

21 MEMBER NARAYEN: As to whether you
22 should even own it, or whether you should not own

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1 it, and --

2 MR. TANGHERLINI: Our job is to find
3 those opportunities by talking to agencies. I
4 started a whole round of going from agency to
5 agency, and they've all been very kind to let me
6 in the door the first time, I don't know if
7 they're going to do it the second, but -- and try
8 to identify opportunities.

9 This particular location that John
10 was talking about was something that he was
11 thinking about, something he recognized as an
12 opportunity, too, and we just sparked a
13 conversation and said let's pursue requests in
14 the market place. And part of it is also then
15 challenging the market place to give us their
16 ideas.

17 We have a lot of Requests for
18 Information now, RFIs, which say we don't know
19 what the right answer is. We don't know what the
20 interest in the market place is. Here's the
21 asset, give us your ideas. We did that with the
22 FBI building, we've done it with a whole set of

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1 six federal office buildings down in along the
2 Federal Triangle South where the floor area
3 ratio was developable FAR is a 3X multiple of
4 what's there now, so we have all this potential
5 real estate energy stored in those facilities
6 that aren't fully utilizing their developable
7 area. You need to go to the market place and ask
8 them okay, how would you take down this?

9 MR. PORCARI: And Cambridge was an
10 easy one for us in the sense that we knew we had
11 to do something, and because it's an R&D
12 facility, a big part of the value is its
13 location. We can get people at government
14 salaries because they're rubbing elbows with the
15 private sector and the MIT people, and the other
16 intellectual resources that make their jobs
17 worth doing.

18 We just needed the facilities to do
19 that, and the value capture part of it is easier
20 here than it's going to be on almost any other
21 transaction that we do. And it has the added
22 bonus of being consistent with the master plan

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1 that the City of Cambridge has for the area, so
2 the community revitalization part works well.

3 MEMBER NARAYEN: I'd like to maybe
4 echo one more thing that Enrique said. We do
5 call it people and places, because I think that's
6 really aligned, and I don't know whether you
7 think about what should happen in D.C. versus
8 what should happen in Utah, versus what should
9 happen somewhere else, but we found significant
10 savings, ways to grow people's career, attract
11 the right people by having a people and places
12 strategy.

13 MEMBER SALEM: So, call centers we
14 don't put them in Silicon Valley. Right? We put
15 them in Oregon and other places. I'm sure you do
16 the same thing. But, I mean, that's a huge amount
17 of savings.

18 CHAIR VANROEKEL: I think the other
19 missing theme that's part of this that's a unique
20 opportunity for us, and I think it goes back to
21 your M&A mindset is the customer service aspect,
22 you know, the siloed nature of the way we operate

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1 government. You go to a strip mall in Middle
2 America and you'll find five different
3 government agencies occupying different spaces
4 in the same strip mall, and we have a post office
5 right down the street that we own, and things
6 like that.

7 From a federal serving Americans
8 aspect, you know, outside looking in versus our
9 current inside looking out, you know, mindset
10 here as we think through this. I think something
11 Dan and I talked a lot about on consolidation
12 opportunity across the agencies to drive a new
13 model for customer --

14 MEMBER McGOVERN: I think that's
15 where the good savings will be. I mean, I almost
16 think you're better off going city by city where
17 you know you have a lot of agencies, and you say
18 how much real estate do I need collectively, how
19 many of these buildings should I just sell off?
20 Because by having everyone look at this siloed,
21 you're playing with so many constraints. The
22 human, I want more office space; the I'm paying

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1 too much for this; what's my incentive to use
2 less of this space when we're still paying for
3 the whole building? I mean, it's like a puzzle
4 piece, and it -- the strategic question is do I
5 sell the property off, yes or no?

6 I'm of the opinion if you're -- if
7 everybody is not hoteling now, anything you can
8 get that looks like it's at market rate, I would
9 just start selling the stuff off, unless it's in
10 a city where it's the only building that you
11 have. So, I mean, if MIT came to you and said I'll
12 take the Cambridge property off your hands, I
13 would just look at everything with an eye towards
14 yes, because my guess is when you're done, you
15 probably have 50 percent more real estate than
16 you need.

17 MEMBER KINDLER: Just picking up on
18 your point, and on Ron's, it is a little like an
19 integration. If you took a city that had multiple
20 agencies in it, and strip malls and whatever, and
21 you said okay, we're going to treat this like a
22 merger. We're going to have a synergy target,

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1 and everybody is going to share in that, because
2 that's how you end up rationalizing real estate
3 more often than not in corporate situations
4 where you have -- as Ron says, you put them
5 together. You identify the cost synergies and
6 you have a target, and then in this case you want
7 to, as we talked about in other contexts, make
8 sure the agencies have skin in the game, they're
9 going to get some benefit from that. So, you
10 start in a small place but one that has multiple
11 agencies, and you say you guys get together, you
12 rationalize your real estate. We're going to
13 give you a synergy target, and then you're going
14 to get the benefit of that somehow. It comes back
15 to you in your budget. That's the way -- I think
16 that's probably what you were thinking about
17 when you were talking --

18 (Simultaneous speech.)

19 MEMBER KINDLER: That's what drives
20 it. That's how we, you know, when we did massive
21 real estate rationalizations it was mostly
22 driven by mergers where we had to achieve a

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1 certain cost synergy by virtue of the merger, and
2 we had a target, and everybody had a stake in it,
3 and that required us, it forced us, to come to
4 the head, to rationalize real estate.

5 MEMBER SMITH: Yes, I mean, the
6 mechanism for accountability is always where it
7 breaks down, where the private sector analogies
8 break down when we try to apply them to the public
9 sector. So, I guess my question is, you know,
10 what is the incentive whether you want to call
11 it, you know, the depreciation charge that maps
12 into the synergy target. What are your options
13 to create that accountability and that benefit
14 to having positive behavior at the business unit
15 levels, because, you know, whenever we ask that
16 question it's always like well, we can't
17 actually do that.

18 MEMBER KINDLER: Can't you --

19 MEMBER SMITH: What can you do in that
20 area?

21 MR. DONG: I think you can do it,
22 though. I think we just haven't done it in the

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1 past. Right now, when you look at a lot of
2 agencies those costs are being managed at a
3 central level, and they're not being pushed to
4 the different program organizations.

5 MEMBER SMITH: Right.

6 MR. DONG: But it's the program
7 organizations that are making a lot of the --

8 MEMBER SMITH: Right. Yes.

9 MR. DONG: And the theory would be
10 that as you push those costs down, it's going to
11 inform the behavior. I don't think there's
12 anything that prevents us from doing that, we
13 just haven't done that.

14 MEMBER SMITH: Because that's the
15 charge that goes on, that if they shrink they
16 benefit, but if it grows, they --

17 MEMBER KINDLER: But if you've got
18 everybody in that -- start with a relatively
19 small pilot of one city where they have multiple
20 things and you say we're going to have a synergy
21 target, and if you want to choose this, you get
22 to share in that benefit. And they each get --

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1 MEMBER SMITH: But then you can
2 commercialize to other people, market --

3 MEMBER LEE: And one thing that
4 should be helpful is that this is happening in
5 the private sector. I mean, as someone said
6 earlier, in a slow-growth environment you've got
7 to look for all the areas where you can save
8 money, and where you can invest in other places.
9 And I know there was a time when, you know,
10 government executives compared themselves to
11 corporate executives. And I remember years ago,
12 I interviewed for a job at the FCC, and the person
13 who was interviewing me apologized because the
14 office that I would have had if I took the job
15 didn't have a door. And she's like, you know,
16 well, this is going to be a big thing for you.
17 But, I mean, in these days and times most -- you
18 know, as you said, people are hoteling, or
19 sitting out in cubicles in the private sector,
20 so why shouldn't the government do this? Why
21 should you take a government job and expect a
22 huge office, because you came from that in the

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1 private sector? You know, things have just
2 changed so dramatically in the private sector
3 that that should be helpful.

4 MR. TANGHERLINI: And I think to get
5 to that point, I think some of our changes are
6 lagging, so in many ways we're reflecting the
7 last change, which is to try to push a bunch of
8 decision making out at the lowest level and then
9 try to aggregate at a central level which is
10 budgets and costs. But now we have to start
11 driving down those budgets and costs, and maybe
12 we need to start pulling some of that decision
13 making back up further north, because at the end
14 of the day, it's going to be -- there's going to
15 be very little incentive in the field level that
16 get less realistic. My budget is going down, can
17 I at least keep my big office?

18 MEMBER LEE: Right.

19 MR. TANGHERLINI: And the answer is
20 actually, no, you better hand back the big office
21 because --

22 MEMBER SMITH: But then what do you

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1 get out of that, right? Because people are human,
2 so what do I get, because in the private sector
3 you do have a synergy target, and if you exceed
4 it you're rewarded, and if you don't hit it, then
5 you're penalized.

6 MR. TANGHERLINI: But in an
7 environment now where what you're getting are
8 furloughs, and what you're getting are program
9 cuts, I think --

10 MEMBER LEE: And you're losing
11 people.

12 MR. HAYES: You know, there's one
13 other potential incentive that really is greatly
14 federal-oriented, but very real. Right? We're
15 trying to get our siloed folks to get together
16 and have more shared services. Right? So, our
17 silos all have their own fleets. You know, they
18 all have their own IT. Well, we're centralizing
19 that, but there are a lot of services, you know,
20 HR, whatever, if they were in one location, you
21 could have shared services.

22 Now, that just takes away from their

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1 program money. And they get that, they like the
2 idea, so in some locations, not so much cities
3 but -- or big cities, but areas where you could
4 -- look, we're all going to get together. You're
5 going to save money on your fleets because you'll
6 have smaller fleets, because we're going to
7 share those cars, we're going to save money.

8 There's something there, I think.
9 That's one of the things we're using. We have a
10 huge problem with the fact that our field
11 structure is not -- is in all kinds of places,
12 and not -- the regional structure isn't
13 centralized in Atlanta for the Southeast or
14 whatever, so we want to kind of over time pull
15 people together, and we're looking -- and I
16 think that's one incentive that we potentially
17 can take advantage of.

18 MEMBER LEE: And even though you
19 centralize the decision making at a higher level
20 that doesn't mean you can't work with the
21 business units to design the space in a way that
22 might work better for them. You know, I mean, you

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1 don't -- you can't push down everything, but you
2 say this is how much space you have. Let's talk
3 about, you know, are they cubicles, is it shared
4 space? How do you make it -- design it in a way
5 that works for the individual departments, or
6 whatever? I know that's how we do it. It's like
7 this is what you have, and you can tell us how
8 you can work better in a particular design, but
9 at least that keeps the business units still
10 involved in the decision making process.

11 MR. TANGHERLINI: That's really
12 interesting. I'm wondering, and I ask, did you
13 have a problem where you had distributed
14 corporate expertise in this area so that you had
15 different people arguing over who was right
16 about the way to manage that strategy?

17 MEMBER SMITH: We were completely
18 decentralized, I mean, to the point where if you
19 were going in the market, the JBP partner that
20 controlled let's say eight restaurant span was
21 in charge of going -- yes, I think that's the
22 right property. You know, I talked to Sally, who

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1 knew Bill, who said Ted said that this turns a
2 lot -- I mean, that's where we were, so the
3 decision would be made there. Right? And then the
4 project work would then be paid for at corporate.

5 We had to flip it, right? Which is
6 all -- so implement all analytics, all -- you
7 know, now they still -- there's still a role for
8 the JBP to say you know what, here's some things
9 -- to Debbie's point, just some things that
10 you're not going be spit out by your ROI and data
11 analytic model that you need to consider at the
12 marketplace. But once that decision is made,
13 then it's pushed out, you know, versus it used
14 to be this is what we're opening, here's the
15 bill, please build it. Then you get to flip it.

16 MEMBER SALEM: So, the answer is they
17 thought they had expertise in these JBPs, but was
18 not effective.

19 MEMBER SMITH: Well, it's -- you
20 know, so much of this is about analytics versus
21 intuition. Right? And that's the big change in
22 private -- in our industry, in the hospitality

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1 industry. Yes, you always -- the way we talk to
2 people, it's a marriage of the science and the
3 art. You can't go all science, and you can't go
4 we're going to sit here and centralize
5 everything and spit out the ROI, and here's your
6 map. However, you've got to lead with the facts,
7 so we did have to swap the decision rights.

8 MEMBER KINDLER: So, it occurs to me
9 again that while all of us here would say that
10 in our worlds complete centralization of the
11 expertise and the decision making is optimal.
12 That's probably a bridge too far for you guys to
13 get from here to there, so an alternative would
14 be to empower those local experts to work
15 together to generate a cost-savings target in a
16 particular community. Let them feel the
17 ownership of it, bring their respective
18 expertise, and kind of force them to collaborate
19 because they have a shared goal.

20 MEMBER McGOVERN: And then hold that
21 up as a best practice.

22 MEMBER KINDLER: Yes, once you get

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1 that done in one community and that community
2 proves that they've saved money and it worked
3 well together, you can scale it across others.

4 MEMBER SMITH: I don't think, you
5 know, I mean to your -- I don't think anyone
6 would say complete centralization is right. I
7 know in our business it would die. Right? And in
8 any company the minute you say centralized, so
9 I would strongly encourage you to never use the
10 word "centralized." No, seriously, that's first
11 and foremost, never use the word "centralized."
12 Center of Expertise that they input in, that they
13 own, that we all benefit from, because I do think
14 it's -- I do think bad things happen when
15 everything is sucked to the center and you don't
16 have any local input. But I think it's that
17 tension between having the color and the
18 expertise on the ground but the analytics and
19 facts have to rule the day at the end of the day.
20 But they have to feel like they have skin in the
21 game, that their input is important, that you're
22 not just telling them what to do.

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1 MEMBER KINDLER: I guess what I'm
2 saying is the model that we operate under is
3 probably not one that realistically in the short
4 term you can get to; and, therefore, the -- to
5 me, at least, the step in that direction is to
6 empower the local groups with very clear targets
7 that they're going to benefit from achieving.
8 And they get help from the center or whatever
9 word you want to use, that has a place. But in
10 terms of expertise and the rest, but they own it,
11 they feel accountable for it. And that way it's
12 not being foisted on them.

13 MR. WINSLOW: Maurice, from your
14 perspective at HUD, how does all of this
15 conversation relate to your real estate issues?

16 SECRETARY JONES: It leaves out one
17 big issue, Congress has a play in our real estate
18 --

19 MEMBER KINDLER: What does that mean,
20 if you close a site and a Congressman doesn't
21 like that --

22 SECRETARY JONES: I have 81 offices

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1 right now, I'm trying to close 16 of them. These
2 offices were originally structured and the way
3 they're structured now in 1968. They do not make
4 operational and business sense, but boy do they
5 make political sense. So, you tell the
6 Congressman from X community that we're about to
7 close his office, he says come on up to my office,
8 we'll talk.

9 (Laughter.)

10 SECRETARY JONES: So, I'll give you
11 a story. So, I went to a Congresswoman's office
12 and I said we are closing your office, but we're
13 going to serve your constituents from an office
14 that we are already serving them from in the same
15 state, and she looked at me and she said, "Have
16 you been confirmed?" And I said, "Yes, ma'am."
17 And she said, "Do you have to be reconfirmed?"
18 I mean, so it leaves out the fact that these are
19 not just -- I used to run a newspaper so I
20 shoveled a lot of stuff.

21 (Laughter.)

22 SECRETARY JONES: This -- there are

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1 just a lot of people who have their hands in your
2 stuff.

3 (Simultaneous speech.)

4 SECRETARY JONES: You've got to be
5 able to manage that part of it, too.

6 MEMBER LEE: And do they care about
7 it -- or why do they care about it, from their
8 job's perspective?

9 MEMBER KINDLER: The building is
10 probably named after them.

11 SECRETARY JONES: I think there are
12 two pieces to it. There's a symbolic piece of it
13 that is really significant, that here I am. I
14 can't keep a federal office open in my district.
15 What am I supposed to tell my constituents,
16 right? So, whether it makes good business sense
17 or not, does it make good political sense? How
18 do I stand up and tell my constituents I couldn't
19 keep -- and if you're, let's just say right now,
20 if you're a Democrat with a Democratic
21 President, how do I tell my constituents that I
22 couldn't with a Democratic President keep a HUD

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1 office open and fill in the blank, so that's
2 part of it.

3 MEMBER McGOVERN: But here's a
4 question, does that still stop you from doing it?
5 I mean, if that's the case, we'll never close any
6 --

7 SECRETARY JONES: No, no, it doesn't
8 stop you. All I'm saying is --

9 MEMBER McGOVERN: You've got to put
10 it in the equation.

11 SECRETARY JONES: -- you've got to
12 put that in the equation. And it's a huge hurdle
13 --

14 MEMBER McGOVERN: Just plow through
15 it.

16 SECRETARY JONES: It's not that
17 simple. I wish it were that simple, but you plow
18 through and then you get up at an Appropriations
19 hearing and they go oh, yes, I remember you, Mr.
20 Deputy.

21 (Simultaneous speech.)

22 SECRETARY JONES: Welcome to the

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1 Committee meeting. So, you have to --

2 MEMBER McGOVERN: That happens in the
3 private sector, too. I mean, you know, we close
4 down one little piece of Glen Biomedical Center
5 and I heard from the Congressman. I mean, I
6 -- we're kind of talking -- if we can't close
7 anything --

8 SECRETARY JONES: So, I wasn't
9 suggesting that we can't. We are doing it. What
10 I'm suggesting is --

11 (Simultaneous speech.)

12 SECRETARY JONES: At this moment we
13 haven't talked about that, and it's a --

14 MEMBER McGOVERN: Yes.

15 MR. PORCARI: And just remember you
16 have to walk in with a strategy as to why --

17 (Simultaneous speech.)

18 SECRETARY JONES: Yes, definitely
19 have to.

20 MEMBER McGOVERN: Because we're
21 going to go to the next slide if we can't close
22 anything down.

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1 MEMBER WILLIAMS: Are there
2 strategies that get you past it?

3 SECRETARY JONES: Oh, yes. Yes, you
4 can -- but it is a real piece of the equation.
5 The other thing I would --

6 MEMBER WILLIAMS: Do you think it
7 speaks to this notion of the coordinated agency
8 approach, too. If we're sending each agency in
9 to each Congressional office to wrestle over
10 each store front, maybe that's the approach to
11 your plan. Trying to let agencies work together,
12 partner out of the strategic plan and say they
13 go, as John said, with a plan for those offices.
14 Okay, here's how we're going to do it.

15 SECRETARY JONES: That would be much
16 stronger. The challenge is that's not the way
17 they operate as government right now, so we're
18 in space in a southern city right now. There's
19 a federal building in that same southern city
20 that has space. It makes sense for us to be in
21 that federal building. We could save money. Even
22 if we didn't save money, the fact is we work with

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1 other federal partners.

2 MEMBER KINDLER: So, what prevents
3 you from doing that?

4 SECRETARY JONES: One is not -- in
5 bad relationships between us and GSA at a level.
6 Right? So, I think at bottom a lot of this
7 relationship-based, and our ability to improve
8 our relationships. Another is, I think what Dan
9 was alluding to, which is right now we lease in
10 private space. We feel a little more control over
11 that. Right?

12 A third one is there isn't an obvious
13 economic incentive to do it for folks who are in
14 Atlanta. I've got to come down and say you've got
15 to get this done. And, frankly, of all the
16 alligators I'm wrestling with, this one probably
17 doesn't rise. I may get to it in the third year.
18 Right? So, there are lots of factors that
19 conspire, if you will, to keep us from being
20 better at this. And Dan will be gone in so many
21 years, and I'll be gone.

22 (Laughter.)

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1 PARTICIPANT: You have a permanent
2 appointment.

3 SECRETARY JONES: Right, I'll be gone
4 in so many years, and whether the next person
5 after me believes this is worth getting at or
6 not, I mean, this is -- all these things are part
7 of it.

8 Now, having said all of that, we can
9 do it, but you've got to get up every day doing
10 this stuff.

11 MR. TANGHERLINI: I will say, this is
12 why I asked about the structure and the function
13 and your evolution there. A lot of what we do is
14 we have a real estate function that deals with
15 agency real estate functions, and there is the
16 sense that the agency real estate function has
17 the expertise and knowledge that reflects the
18 agency's actual needs and priorities. It does
19 get to issues of control, and authority, and
20 responsibility. A lot of those people are former
21 GSA people who then bring their GSA horror
22 stories to the agency that would get back to GSA.

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1 MEMBER SMITH: Well, that's why it
2 has to be a benefit of both, like they can't
3 -- decision rights both have to have inputs in
4 it and decision rights.

5 MEMBER SALEM: But if I'm the
6 secretary at one of these agencies and I just
7 say, you know what, I do want to go --

8 (Coughing.)

9 MEMBER SALEM: -- take my real
10 estate person and repurpose that person to being
11 a programs person. Right? Couldn't the
12 secretaries or the -- you know, at HUD, for
13 example, couldn't Secretaries say I don't want
14 to have this real estate person any more? I mean,
15 that's what happens in business. Right? The
16 business manager says I've got choices I can
17 make. I can put more resources to doing things
18 where I can get some Center of Excellence help,
19 or I can have another program. So, does the
20 Secretary not have the ability to -- or he just
21 not trust that they have a great person in Dan
22 who can actually do a good job for him?

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1 SECRETARY JONES: I think there's a
2 combination of yes, you can make that call. You
3 know, I no longer need to be in the real estate
4 business. So, then you work with the units and
5 then you work with GSA if you trust GSA. Right?
6 And you really have to -- I don't want to
7 underestimate the trust issue here. It's a big
8 one. The trust issue is a huge one here, so you
9 can't quantify that, but I'm telling you that is
10 a big part of the picture here.

11 If we could get better trust amongst
12 agencies within the federal government, we would
13 find ways to get the yes, even with all these
14 challenges. But the fact of the matter is, we
15 have a trust issue. It's gigantic. I know Dan,
16 I'm willing to trust Dan. He's my teammate. We'll
17 find ways to work with --

18 PARTICIPANT: But you guys at the top
19 --

20 SECRETARY JONES: Yes. He and I are
21 sitting up here trying to figure out what's going
22 on. Meanwhile, folks on the day to day level,

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1 whew.

2 MR. HAYES: And I think the fact that,
3 as Dan said, Congress requires us to pay market
4 rates period. There's not a sense -- there are
5 no deals to be made here. Right? So, our guys are
6 very -- you know, we've got -- we have to give
7 it to GSA to do this work. We've got to pay top
8 dollar. There's nothing -- you know, this is
9 not good, you know. But I think if we work -- what
10 we're trying to do with Dan now is find these
11 other ways to show that there will be savings and
12 efficiencies and all of that, but --

13 MR. JORDAN: And we shouldn't lose
14 that thread of the city by city approach because
15 all of us, we could pick five or six cities right
16 now --

17 (Simultaneous speech.)

18 MR. JORDAN: -- and all of us have
19 footprint there. You know --

20 (Simultaneous speech.)

21 MR. HAYES: And we're working with
22 Dan in Denver, which is a huge center for us. We

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1 need patriotism, we need a new narrative. We need
2 new stories, GSA is our partner, and we can save
3 money, and we can be better off. And there's a
4 --

5 PARTICIPANT: How to make inroads on
6 history.

7 SECRETARY JONES: That's right, so
8 it's doable. I'm optimistic about it, but I also
9 want to make sure --

10 PARTICIPANT: That we understand the
11 challenge.

12 SECRETARY JONES: It is a challenge.

13 MEMBER SMITH: Whenever you put
14 change through, so this pivot -- what you guys
15 can do and even further up is champion the people
16 that are courageous enough at the lower levels
17 to do something different, and make sure that
18 they -- because everyone has some -- make sure
19 that they are recognized, make sure that they are
20 championed, make sure that they become, you
21 know, the model of what you're looking for, and
22 that people know that. Right? So, that is how

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1 you drive change from the top, too, is that
2 people that do take the risk at the bottom and
3 do collaborate, and do do things in a different
4 way, you make a very public acknowledgment that
5 this is the new way of doing things, and this is
6 the kind of folks that we want, and this is the
7 kind of behavior we're going to reward.

8 CHAIR VANROEKEL: I think that's a
9 fantastic segue into the innovation section,
10 that you should say the exact same thing. But
11 before that, we should jump into a break.

12 MR. WINSLOW: Great, so why don't we
13 take roughly a 10-minute break, be back around
14 11:00.

15 (Whereupon, the proceedings went
16 off the record at 10:51 a.m. and went back on the
17 record at 11:02 a.m.)

18 MR. WINSLOW: Let's get started. I am
19 mindful of the fact that to make sure we get you
20 out at the appointed time. Let me go ahead and
21 get the camera started and go back live, so
22 everybody knows.

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1 CHAIR VANROEKEL: All right. Welcome
2 back to everybody watching on line. The last
3 agenda item today is Hardwiring Innovation. I
4 think we keyed up the last PMAB for a discussion
5 topic.

6 We are very fortunate to have two of
7 the most amazing people, one very new, one who's
8 been around the building for a while coming to
9 join us. Jenn Pahlka, you may have heard that
10 name, one of my favorite, and I consider one of
11 the best TED Talks up on line was delivered by
12 Jenn. I encourage all of you to check that out.

13 Jenn comes to us from Code for
14 America, an organization in San Francisco where
15 she was the Executive Director. She ran Code for
16 America, which is a non-profit organization that
17 connected innovators with local government to
18 solve innovation challenges at the local level.
19 And there are incredible things I'm actually
20 going to have to get into this about that effort,
21 and how we were lucky enough to convince the Code
22 for America board to have her come and spend some

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1 time with us as Deputy Chief Technology Officer
2 of the United States, and give some time at the
3 federal level in the same way, and scale those
4 efforts.

5 Jonathan McBride is one of our most
6 important partners here in the White House, in
7 that he is the Deputy of the Office of
8 Presidential Personnel, so from a talent
9 standpoint getting the deputies you see here in
10 this room to the new secretaries of the offices,
11 and all the Presidentially appointed positions,
12 Jonathan is at the forefront of that, and is also
13 probably more relevantly to our conversation
14 today, is that he's a key member of our
15 Innovation cohort, one of the founders of that
16 group that's really thinking about how do we
17 bring innovative people across the government
18 landscape together on a regular basis to kind of
19 discuss and tackle some of this innovation
20 stuff.

21 If you turn to page 19 -- actually,
22 why don't -- just Jenn, for level-setting, why

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1 don't you give us a little bit of background on
2 you, Code for America, some fun projects. I know
3 I'm putting you on the spot.

4 MS. PAHLKA: Yes, you are.

5 (Off the record comments.)

6 MS. PAHLKA: The most stressful 12
7 minutes of my life.

8 Code for America came out actually
9 of the work with Gov 2.0. What would it look like
10 finding principles and values of the web in
11 government, and think a way of thinking and
12 approaching the problem, and I got to be exposed
13 to. What we ended up doing was to start at the
14 local level, the way that citizens feel, they
15 have a closeness to the local government. And
16 what we designed, initially, we call the Peace
17 Corps for Geeks, so it's really, you know,
18 mid-career folks, so average age of our fellows
19 is 30. They're working in it's like Google,
20 Microsoft, take a year off, and pairing them into
21 small teams with those from local government,
22 based on lean startup and this kind of design.

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1 So, when they leave they leave, they leave at
2 least, but often many applications that cities
3 can use.

4 Really what they're doing is they're
5 leaving the folks in government with new
6 approaches that they can use when they're gone
7 to try to think of ourselves a virus for culture
8 change. Did you want me to talk about -

9 CHAIR VANROEKEL: If you have any
10 favorites.

11 MS. PAHLKA: Probably my favorite one
12 last year was something called Blight Status in
13 New Orleans. They, obviously, had a lot of
14 problems with blight, but more importantly
15 there's really an information problem. So the
16 people who inspect the properties versus people
17 who take the complaints, versus all the
18 different inspectors, the hearings, all of this
19 is different. Not even databases but
20 spreadsheets, ledgers, people's notebooks, and
21 there was no way that anybody could -- except
22 once a month at these Blight Status meetings ,

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1 you couldn't tell the status of any blighted
2 property.

3 But the fellows went down and they
4 took a very lightweight approach to this where
5 they pulled the data out and put it in these APIs
6 using a different interface, and I'd say about
7 six weeks after their initial interviews they
8 had something up on the web: type in any address
9 and see the accurate status of any blighted
10 property. So, that evolved over the course of the
11 year and ended up being a beautiful,
12 consumer-looking type website, but the first
13 instance of it was six weeks, not three years.

14 CHAIR VANROEKEL: That's awesome.

15 MS. PAHLKA: It really worked with
16 the community.

17 MEMBER SALEM: I feel like clapping
18 now.

19 MS. PAHLKA: But the real win there
20 was they worked with the community, you know,
21 people actually use it, not -- it's not
22 something that you build and hope people show up.

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1 There is such an active community of people:
2 residents, community groups that all use this.

3 CHAIR VANROEKEL: And, you know, the
4 Code for America team has an unending list of
5 these amazing projects they've been able to do.

6 The other thing that may sound
7 familiar here is this was the model we used, Todd
8 Park and I, the Chief Technology Officer of the
9 U.S. and I used to launch Presidential
10 Innovation Fellows. It was based entirely on
11 Code for America which was how do we rotate
12 private sector entrepreneurs, innovators in the
13 government, these fixed amount of times to
14 tackle some innovation challenges that we have.
15 But we all know, and we're going to talk
16 -- Jonathan is going to talk a little bit about
17 the reverse of that, potentially rotating people
18 out in some of the pilots and thinking we've been
19 doing about that virtuous cycle.

20 That part of it, and the sort of
21 injecting talent in and potentially training
22 talent we know is just a small part of the

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1 innovation challenge we face in the federal
2 government. Slide 19, I won't go through the
3 slides here, but outside of the technical and
4 scientific specializations where we in the
5 government often lead the way, government
6 innovation just isn't sort of embraced for so
7 many reasons, from the range of experience to the
8 -- just the cultural aspects encouraging this.
9 Over, and over, and over again visiting agencies
10 of government talking about good management,
11 talking about innovation, talking about process
12 change or doing things in a new way. You often
13 hear well, that's the way we've always done it,
14 and that is very much prescription for the future
15 for a lot of people out there.

16 And there's an aspect of, you know,
17 from what we've discussed earlier today on I
18 don't get the return on investment, bringing the
19 savings I drive, or innovation I do that you're
20 just going to cut my budget if I say anything to
21 just this massive risk intolerance because the
22 approach in government often when faced with

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1 challenge, like you said earlier, there's people
2 out there already doing smart thinking on this
3 stuff. The approach is often let's go build it
4 ourselves, and that becomes this big multi-year
5 monolithic effort that oftentimes fails and
6 costs hundreds of million of dollars. We have way
7 too many examples of those things, so the risk
8 intolerance on these long-term big deliverables
9 is huge, so people tend to not take risks
10 broadly, so that's a difficult thing.

11 And then I'd say the other aspects
12 of it are, you know, to Maurice's comments
13 earlier in some part there's statutory and
14 regulatory barriers to innovation. You know,
15 certain laws, like we can't -- you can't go to
16 a federal website and just pop up a form that asks
17 for customer feedback. You have to run a process,
18 get approval to do that if you're doing any
19 quantitative feedback through this law, the
20 Paperwork Reduction Act.

21 There are other things that really
22 impede the ability for multiple agencies to get

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1 together from a law standpoint now. That never
2 means let's stop trying, let's stop driving,
3 let's stop innovating, but it just brings a
4 variable to bear on the way we look at this.

5 The other thing we often see, and
6 I've been seeing this a lot in delivering kind
7 of policy and the innovation space is people
8 feeling like they don't have permission, that
9 there's the classic innovator sitting in the
10 basement with a red stapler who's been pushed
11 down the organization chart down to the basement
12 saying, you know, that's not the way we do
13 things. You've got these crazy ideas, stop doing
14 that. Those people will come out shaking that
15 policy running down the hall saying finally I
16 have permission. It's just scaling that broadly
17 is one of the challenges we face.

18 So, we had some conversations, Todd
19 Park and I had some conversations with many of
20 you to talk about what to do here, and we're going
21 to sort of -- we're very much behind thinking
22 about how to foster innovation a little broader,

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1 and the context that holds in the role of
2 management agenda, you know. And I think that the
3 overarching theme we heard from all of you is
4 really, you know, we have to think two things.
5 One is that innovation is in a certain group.
6 It's not a cohort, it's not a small team of people
7 you just deploy on innovation things. That model
8 is great and we can -- and some extent an
9 important part of our work is showing the art of
10 the possible, inspiring people that best
11 practices can exist in the realm of innovation,
12 but it's not just one team that moves around and
13 parachutes in. That it's a whole of organization
14 approach, and I think everyone I've talked to
15 said it's got to be people innovation, process
16 innovation, tech innovation across the board.

17 And then the second part of it was
18 really that we have to think very deliberately
19 around how to restructure, evaluate, and more
20 importantly reward innovation. And we've done a
21 little bit of that inside government and
22 focusing some efforts at some of the departments

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1 on creating innovation awards, and bringing that
2 to the level of senior leadership and insuring
3 we're doing that and thinking about some of the
4 innovation incentives.

5 As one sidebar, one of the things I
6 mentioned we're doing is really thinking about
7 how do we create that virtuous cycle of not only
8 bringing in external talent through transitive
9 property and having them here training federal
10 employees on how to do things in new ways, but
11 also how do we then take those same federal
12 employees and maybe bringing them outside
13 government to experience that, and discuss that.
14 And then we're going to go into some questions.

15 MR. McBRIDE: Thanks, Steven. So, we
16 have a slide here. I'll kind of give you the
17 summary of highlights, but if you go back two
18 years we started convening groups that were a
19 cross sector to ask a question of (a) are you
20 thinking about cross sector leadership as you
21 think about your leaders; and (b) are you doing
22 anything about it; and 8 is there a role for the

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1 federal government to play? And the answer was
2 yes, we're thinking about it; no, we're not
3 actually doing anything about it; and, yes,
4 would you please do something about it from the
5 federal level, if nothing else to start to
6 convene people who are people of goodwill and
7 actually trying to accomplish and create some
8 regular dialogue across sector, and the ability
9 to build relationships across sector, and
10 ideally start to trade talent across sector. So,
11 we started getting people together to think
12 about what that might look like over the last
13 couple of years.

14 Most notably, on March 20th we had a
15 kickoff event here in the White House for about
16 100 people who represented a bunch of different
17 sectors, and there was actually a design
18 construction built into the day to try and
19 identify opportunities for two things. One is,
20 what is the role of the federal government, and
21 everybody that was attending the meeting, what
22 are the roles that they can play in fostering

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1 this movement, because there are a lot of people
2 out there starting between Code for America,
3 City Hall Fellows, pilot projects, and a lot of
4 different versions that exist out there in the
5 marketplace. What can we do to help to bring them
6 together, to lift up their efforts, and kind of
7 put more gas in their gas tank?

8 At the same time, the conversation
9 also was -- and the design challenge was also to
10 complete kind of one of the last circuits or last
11 components of a circuit, or last miles of these
12 exchange programs, because there are a lot of
13 exchanges going in a bunch of different
14 directions, particularly from private to X.

15 What there seems to be very little
16 outside of the national security world are
17 exchange programs going from public to private
18 sector, in particular. And in conversations with
19 a lot of private sector entities, there seemed
20 actually to be a competence gap, or a perception
21 gap about the value of the opportunity of
22 bringing public sector talent into the private

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1 sector, and what they potentially could add over
2 some reasonable time.

3 So, we had all of these folks
4 together for a day, we asked them to spend some
5 time designing and thinking about what might
6 different exchange programs, both heavy and
7 light, look like. We got a smaller group back
8 together on May 16th to dive a little further into
9 that and come up with some specific ideas. And
10 from that we got two versions, one light, one
11 heavy, as ideas that potentially people would
12 want to work on.

13 The pilot project is more of a shared
14 learning model where you would have 20 to 24 top
15 executives on a 12-month program that would be
16 rotational where each month or every other month
17 they would spend call it three days in a given
18 sector, in a given geography together learning
19 both about that sector, but also seeing how that
20 sector does its highest level of professional
21 development. An example might be they spent
22 three days in New York City, they go to Black Rock

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1 and go maybe one other financial institution.
2 They learn about the financial markets at large,
3 but they also get two and a half days of the best
4 development to build the organizations who
5 obviously have very sophisticated development
6 programs, offer their people, side by side with
7 their people. The next month they go to the
8 Midwest and visit some manufacturing companies.
9 They go to Silicon Valley, you can kind of see
10 the idea.

11 It's modeled off two things. The
12 Naval War College does a developmental program
13 for emerging colonels who potentially could be
14 Joint Chiefs one day down the road, and they
15 actually do a rotational program. Some of your
16 companies may have hosted them. They tend to go
17 to Wall Street, and know America, and
18 manufacturing facilities and so on, so they can
19 see how the economy really comes to life.

20 There's also a similar program that
21 GE and other companies did just with each other
22 trying to rotate people around their development

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1 facilities to see what best practices are, but
2 also give them an opportunity to build
3 relationships with one another.

4 One important component of this to
5 Steven's point would be they thought it was
6 important that as these people rotate we want to
7 make sure that we pick people and structured a
8 program where not only do they go and get these
9 experiences for two to three days every month or
10 every other month, but there would be an
11 educational requirement when they come back to
12 their agency, that there be a structure set up
13 where they actually share and impart that
14 knowledge to this agency.

15 As for the composition of this
16 group, there's two versions. There's one where
17 all 24 are potentially career SES in government.
18 There's another version potentially where you
19 actually have all of the groups, U.S. Government
20 as well as the different organizations that are
21 volunteering their time actually each
22 contribute X number of participants to the

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1 group, and the group itself is cross sector, and
2 moves through all of these experiences together,
3 and starts to build those relationships.

4 MEMBER LEE: Now, do these folks have
5 other jobs while they're doing this, or is this
6 a full-time?

7 MR. McBRIDE: They have other jobs.
8 This would be just basically going off for a
9 couple of days every month or every month.

10 MEMBER LEE: Okay. Right.

11 MR. McBRIDE: The larger idea is
12 actually is to do an actual reverse for an
13 exchange program, where someone is basically
14 seconded or spends a year or two years on a
15 fellowship having left the U.S. Government going
16 into a program to be having a very structured and
17 specific program offered to them.

18 They'd go through that experience
19 and part of their responsibility, and part of the
20 design is to have them teach the people they're
21 working around what they know. And then, also,
22 as they come back a year or two years later,

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1 there's a responsibility that they teach the
2 people around them in the organization that they
3 left.

4 And an example we often use is large
5 consumer products company might be figuring out
6 how to develop the West Coast of Africa. USAID
7 understands the people, and the cultures, and
8 the personalities in the West Coast of Africa.
9 There's no conflict there of any kind. It's
10 expertise that could be shared back and forth.
11 It's certainly something that could be taught
12 over a year or two, and at the same time have
13 somebody learn about how companies think about
14 such things, and then come back to the U.S. in
15 a year and two, it would be helpful to them given
16 the number of public-private partnerships they
17 constantly try and create in order to do their
18 work.

19 The second requires, obviously, a
20 heavier lift from a legal perspective. The
21 Office of Personnel Management, the Acting
22 Director is actually looking at it intensely

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1 right now to try and understand what the
2 components of it may be.

3 The first one, much like the launch
4 of the PIP program actually feels a lot lighter
5 to us where a couple of -- a small group of
6 companies who would be interested in
7 participating and a handful of agency leaders
8 who would be interested in participating could
9 potentially get it off the ground.

10 Of note, when we came out of the May
11 event, a series of corporate leaders actually
12 raised their hand and said if you do this, we
13 already in. We don't know exactly what it's going
14 to look like, but we're interested, and we think
15 it would be really interesting.

16 MEMBER SMITH: Can I make a
17 suggestion, because I notice this on the Jobs
18 Council. The service sector retail is the main
19 employer in this country, but yet like on the
20 Jobs Council there's no one from the service
21 centers. There's just from manufacturing. I
22 would strongly recommend since it's the largest

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1 employer of individuals in this country that you
2 include service sector at the table.

3 MEMBER SALEM: This is --

4 MEMBER SMITH: No, no, no, I'm not.

5 (Laughter.)

6 MEMBER SMITH: But I'm always amazed
7 that the employment council has no one from the
8 service sector. Well, you know, there's 6,000
9 people on Facebook, there's several hundred
10 thousand people at McDonald's, and Walmart. So,
11 I just -- I think if you really want to
12 understand how the economy works, then you need
13 to spend time at a service sector and retail
14 company in addition to some of the sexier
15 companies, where maybe it's more revenue per
16 employee, but the reality is the basic economic
17 of this model of this country for most workers
18 is a lower revenue per employee structure. So,
19 I just always notice that's missing. I'm not
20 volunteering us, but it would feel like a
21 Walmart, it would feel like something like that
22 would really be important for you to understand

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1 how the economy works, rather than just a Google.

2 CHAIR VANROEKEL: Yes, the other
3 question I had was small innovative companies.
4 You know, they aren't set up to do exhaustive
5 executive training or anything like that, but
6 just embedding in the culture for even three days
7 you could see a phenomenal difference.

8 MEMBER SMITH: Yes, it would be. But
9 I just think, you know, it's an unsexy part of
10 this economy, but it happens to employ most of
11 our nation, the service sector.

12 MEMBER NARAYEN: The shared learning
13 experience, how much authority do they have when
14 they come back? I mean, if they've got all
15 excited, they get all these ideas to make change.
16 Otherwise, you could actually have just the
17 opposite effect, which is they go, they see all
18 the things that they want to do, and then it's
19 like but I can't do anything, so are you working
20 in conjunction with the shared learning
21 experience to enable them to have some authority
22 to make changes?

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1 MR. McBRIDE: So, the thought on the
2 shared learning experiences would actually
3 start with cabinet secretaries who say I would
4 like to be a part of this program. So, the answer
5 is yes, by virtue of starting with them. Similar
6 in the corporate world, if the representatives
7 we had at the meeting went back to their CEOs,
8 talked to them and came back to us and said our
9 CEO wants to do this.

10 We thought one component of it could
11 be that in the rotational program, and the
12 government would be responsible for doing a
13 three-day module, by the way. They would have to
14 through their Federal Executive Institute
15 develop and deliver on a three-day module for
16 people to come to Washington, D.C. and learn
17 about how government works.

18 But one of the commitments would be
19 if you are participating, that your CEO also has
20 to present to the group. They actually have to
21 have skin in the game, so they would show up and
22 be a part of the actual event itself. That's a

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1 key part of it.

2 We're placing a lot of emphasis on
3 the shared learning model of it and bringing that
4 back to the place. We have not thought through
5 all the components of what if they want to
6 implement something as a result of this.

7 MEMBER GILLILAND: Yes, and I do
8 think, just to follow-on on the larger program
9 idea, and it sounds like you're still studying
10 it, but this idea of where you land when you come
11 back is going to end up being a pretty important
12 part of how they consider the opportunity.

13 MR. WINSLOW: For the individual?

14 MEMBER GILLILAND: For the
15 individual. For the individual that's picked it
16 could be very exciting. On the other hand, it
17 could be very uncertain. I don't know. You may
18 be able to provide a lot of certainty around what
19 they come back to. That would be really helpful,
20 I think, for a program like that.

21 MR. HAYES: Otherwise, they may not
22 come back.

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1 MEMBER GILLILAND: Yes, they may not
2 come back, or yes, well, there may not be a place
3 for them to come back to.

4 MEMBER McGOVERN: They may not want
5 to go.

6 MEMBER GILLILAND: Yes, they may not
7 want to go.

8 MEMBER McGOVERN: You know, a comment
9 which sounds a little bit tactical but,
10 nevertheless, I feel compelled to make it.
11 Learning the financial markets and how they work
12 in three days is quite a stunning goal, and I
13 think that in addition to just sending them out,
14 getting dipped in a conference room for a few
15 minutes and going back, there needs to be some
16 online supplemental training that they have to
17 do on their own time so that when they show up
18 -- and going the other direction is as
19 important. For somebody to show up here for three
20 days and learn how government works, that could
21 be a lifetime endeavor. So, I feel like there
22 just needs to be the Basics 101 so that they come

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1 out and they're not -- they don't feel like they
2 landed from Mars trying to figure out what --

3 CHAIR VANROEKEL: That's the
4 three-day sessions, would be the 200, 300 level
5 and it --

6 MEMBER McGOVERN: Exactly. Because
7 you don't want to waste anyone's time
8 spoon-feeding, this is what a stock is, this is
9 what a bond is, this is what a capital market.

10 Yes. There needs to be some sea legs before
11 you can get on the boat, I guess.

12 MEMBER GILLILAND: Jenn, how does the
13 model work for Code for America? How does it
14 work? Is it all volunteer that's coming out of
15 private sector, or is -- how is it funded?

16 MS. PAHLKA: We're funded primarily
17 by philanthropic dollars, but we also have the
18 cities pay us, but it doesn't cover the whole
19 cost of the program. So, we actually do get some
20 public -- every year there's one or two people
21 who come out of government that still could do
22 it. They get a small stipend so it's somewhere

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1 between -- they make \$35,000 for the year.

2 MEMBER GILLILAND: Okay.

3 MS. PAHLKA: One element I would just
4 mention is that there really -- and I know we
5 have a limited amount of time. They're really
6 doing something with their partners, they
7 co-creating, and so on both sides I think they're
8 not just sort of learning from each other,
9 they're actually learning by doing.

10 MR. McBRIDE: Yes, we talked a lot about
11 that, and where we kind of ended up on the very,
12 very light version was just that, try to be as
13 light as possible, start down a path and learn
14 as we go. But there was discussion about that,
15 and how applied can we make it, can we give them
16 a challenge over the year that the group works
17 on, and as they're gathering the intelligence in
18 each marketplace, they fold that into the
19 challenge and they have to do some kind of
20 presentation at the end.

21 The other thought was that you could
22 use -- we could develop a shared sense of what

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1 are the components, competencies to be across
2 sector leader in this economy, start there, ask
3 each organization that's going to be doing some
4 portion of the training to look at those say five
5 competencies, and speak to the two or three that
6 through their training and development programs
7 they already run, they think they can actually
8 explore pretty thoroughly during that period of
9 time, but over the course of the year you would
10 hit each competency multiple times, but you'd
11 see different people's view of it.

12 So, we thought about different ways
13 to (a) make it more applied; or (b), kind of tie
14 it to a competency or value-based model so it
15 sinks in a little bit more.

16 MEMBER NARAYEN: Dan, I'll jump on it
17 and say, you know, let them go solve the real
18 estate problem. Right?

19 (Laughter.)

20 MEMBER NARAYEN: How does the public
21 sector do it, and the private sector do it?

22 MR. TANGHERLINI: You know, to your

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1 earlier point, did they have authority to make
2 changes, what's interesting is we shouldn't
3 overstate the sense that people don't have
4 authority to make changes within government. I
5 think they do. Oftentimes, they just don't have
6 the tools, the experience, the knowledge, or the
7 relationships.

8 I did a two-year Executive MBA
9 midway through my career, and I tortured my
10 people every week when I came back. A trick I
11 learned at school, and I just think that part of
12 it is each new trick, you know, like oh God, what
13 are you studying --

14 (Laughter.)

15 MR. TANGHERLINI: And I think that's
16 the trick, how do we give people the opportunity
17 to get exposure, get those relationships,
18 connections, and then give them, frankly, the
19 confidence to come back and apply them within
20 their organizations.

21 MR. McBRIDE: One other thing I would
22 add to that, and this -- again, the group was

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1 very governed by this thinking. Please feel free
2 to push back on it, but there was a keen sense
3 that sitting here today that whether you offer
4 the value proposition of taking public sector
5 talent and loaning it to the private sector, that
6 you will -- the response will be negative. There
7 will not be an immediate understanding of what
8 the value of an exchange might be there, so one
9 of the reasons that they wanted to start light
10 is they felt like we needed a program to start
11 to chip away at that confidence gap about what
12 public sector talent might offer the private
13 sector.

14 And they were very invested in this
15 in the conversation, so that might have had
16 something to do with kind of why we went very
17 light, because that was one of the goals of this
18 light version.

19 MEMBER McGOVERN: You know,
20 Jonathan, I've been at the Red Cross for five
21 years, so I've lived through two different
22 Administrative turnovers, actually three if you

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1 count the midpoint with President Obama, so we
2 always get this flood of resumes for people that
3 want to stay in D.C.

4 You look at these resumes and the
5 people are so sharp, then you have to meet them.
6 So, I think so much of it is myth. I think if you
7 threw the right candidates in front of any CEO
8 in the private sector with some of these resumes,
9 they would be surprised. And a number of us have
10 said on a number of occasions just how bright
11 everybody is that we meet in this room. I mean,
12 we've all given keynote speeches to the SESs
13 because of the training program that was
14 initiated, and the questions you get, the -- I
15 mean, this is a group of people that the private
16 sector would embrace, I believe. It's just a
17 little bit of urban myth that, you know, that we
18 just need to crash through.

19 MEMBER GILLILAND: One more comment
20 on a large program idea. And I think we -- our
21 experience is probably parallel across private
22 sector around the intern programs that we have.

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1 And you can hire somebody and they can meander
2 around the organization without a whole lot of
3 objectives, and can be not very helpful for the
4 company or for that individual, so setting very
5 specific objectives, back to Jenn's point about
6 this program where they come together and
7 working on something very specific, ends up
8 being an important thing, and the companies that
9 participate should be asked to provide very
10 specific commitments around what that person is
11 going to be doing over that, whatever that period
12 of time is, six months, a year, two years. So,
13 that person gets applied to, it's very
14 compelling, they're working hard to that whole
15 period of time and coming back and sharing a lot
16 of important experiences from it.

17 MR. McBRIDE: We agree, actually, and
18 I think that's one of the big learnings of the
19 PIP Program was that if you start with a very,
20 very specific challenge, the program might be
21 -- or result, like product research, you want to
22 create it, that you can design around it. So, for

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1 the larger program that's definitely built in.

2 CHAIR VANROEKEL: Without signing
3 any of you up to the large program, have we
4 thought through the ingredients that it would
5 take to get people like you to sign up, or what's
6 missing in what you've learned so far at this
7 very high level that -- are there aspects that
8 -- would it have to really be about the person
9 coming in to provide intrinsic value in some very
10 specific way in the organization? I always think
11 of the FDA employee, not that we do this from a
12 conflict stand, but the FDA employee going to
13 work at a medical technology company and they get
14 allocation process learning and the person
15 understands while we took down these four
16 barricades, we could foster innovation in this
17 country. Those are certainly the --

18 MEMBER GILLILAND: I mean, I think
19 this idea of matching kind of skills and needs
20 is -- would be really important, although it's
21 pretty hard, so the example you used in was it
22 South Africa, is that the -- West Africa. A great

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1 example, I think there would be a lot of
2 companies that are very compelled by that type
3 of idea, so that there is some value that's
4 coming back to the company from the process.

5 You know, for us when we hire interns
6 we're evaluating them, and we want to know how
7 well they're going to do if we put them in a job
8 permanently, so you don't really have that
9 benefit, but we also get a -- particularly, as
10 you bring younger people into the organization,
11 and they're on the leading edge of how they're
12 using technology in their lives, for us it's
13 fantastic. But, again, so you get a lot of value
14 out of just somebody's different thinking about
15 things. And I think we could probably justify it
16 just based on that different thinking that's
17 coming, but I think the matching, the West Africa
18 idea, those things, that would be very
19 compelling for companies.

20 MR. HAYES: Can I throw in a thought
21 here? And I think it goes along to this, and it
22 suggests Gail's point isn't really tactical.

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1 It's serious. I mean, and to Liz' point, look,
2 we're in the customer service business, too, in
3 the government. And if you had a customer service
4 oriented orientation that would be -- like our
5 National Park Service could learn a lot from your
6 company in terms of how you present yourself to
7 the public and all of that.

8 The other thing, what Steve just
9 talked about, you know, one of the real problems
10 that people have with the federal government is
11 our regulatory interface with people. And we're
12 searching for ways for our regulators in an
13 appropriate way to understand how industry
14 looks, when we do deep water, you know,
15 permitting and oil and gas permitting, and solar
16 permitting, for our people to understand the
17 perspective of the private sector. And, frankly,
18 for the private sector to understand what we have
19 to go through in order to do this in the right
20 way. And, frankly, for the private sector to
21 avoid litigation. I think it would be powerful,
22 but it should be at a high level. This is not,

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1 you know, not in the weeds, but in a -- get high
2 level people who can start talking in a different
3 way about these activities. I think it would be
4 -- you'd get a lot more embrace from top levels
5 of the agencies.

6 If we're seeing like you're seeing
7 that you're really going to get something that
8 has immediate applicability, as opposed to,
9 frankly, you know, going to JP Morgan and
10 learning about bonds, you know.

11 MEMBER SMITH: I think that as you
12 were talking I was thinking about exactly, I
13 think the kind of regulatory empathy and the
14 impact going both ways, so I'll give you a great
15 example.

16 As we look to expand in China, just
17 how difficult is it to do work, to do the -- to
18 be competitive, to be globally, having that
19 perspective, and just trying to -- you could
20 substitute that for everything, having that
21 perspective on both sides as to why some of these
22 U.S. kind of, you know, regulations, policies

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1 that we feel like well, gosh, that makes us not
2 as competitive with say another country that
3 doesn't have that. But then understanding,
4 likewise, so to the extent that there could be
5 more regulatory empathy on both sides, both
6 private to public, and public to private, I think
7 would be huge.

8 MEMBER McGOVERN: I think a great
9 filter mechanism, you could turn to the SES that
10 you want to target and say here are a list of
11 companies that said they would participate. So,
12 provide us with an application that explains
13 what you could provide that company, so then they
14 have to research the company, understand what
15 their biggest challenges are, so what would you
16 bring to the table, and what problem of their's
17 can you help solve, and what do you want to learn
18 from the experience?

19 And it's almost like a combination
20 of personal statement and case for change, and
21 you hand that to the company, and then let them
22 figure out is there value here. And that way half

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1 the legwork is done before they show up. And you
2 filter out the best and brightest. And I think
3 that that will also get rid of the, you know, if
4 you get people to just suspend their disbelief
5 when they see it, then they'll say you know what,
6 I could actually use help in that area.

7 MEMBER NARAYEN: I think the reverse
8 as well, Gail. I mean, I think your first point
9 that there would be a lot of interest. Companies
10 can also say hey, we would love to get expertise
11 and learn about these areas. So, I think, you
12 know, rather than put the onus only on the SES,
13 I think put the onus on any company that wants
14 to participate, which is one of the 15 ways in
15 which you can benefit.

16 MR. McBRIDE: So, that came up in the
17 room, this chicken and egg of do you start with
18 the need of the companies and then match the
19 talent, or do you look across government and say
20 where are we deep in expertise around supply
21 chain, and procurement, and so and so forth.
22 You can pick areas where we go very, very deep

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1 and say okay, let's pick the very best among
2 those people, and then see what companies would
3 show up and say well, we've got use for them to
4 come and educate our people on how they do things
5 over that one-year period.

6 MEMBER McGOVERN: I think you could
7 do both. It's sort of like a match.com when
8 you're done.

9 MEMBER LEE: I would just emphasize
10 that it has to be a substantive role. I mean, you
11 know, sometimes fellowships or fellows, or
12 interns, or whatever you call them can just get
13 lost in the shuffle if they don't have a real
14 objective, or real -- you know, reporting to the
15 CEO, usually done work, you know, CEO doesn't
16 have time to manage an extra person, you know,
17 get them in a real department where they can
18 learn something, and where they can offer some
19 help, because otherwise, I've just seen it
20 happen too many times. You bring in MBAs, or you
21 bring in folks from the outside, and they don't
22 have a portfolio, and they just, as someone else

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1 said, wander around for a year, and it doesn't
2 help anybody.

3 MEMBER GILLILAND: I think on the
4 chicken-and-egg front, I do think it would be
5 helpful if you could lay out, you could as a part
6 of a process that a company is going through to
7 commit or kind of apply that, participate,
8 laying out the areas that you're deep, that you
9 really like you're deep in, and also laying out
10 areas, if you wanted help in real estate, as an
11 example, you wanted to get some private sector
12 expertise in real estate, so it's kind of
13 need-based, and also this is where we're really
14 deep and could be helpful. Lay it out and then
15 let the companies apply, if you will, here's what
16 we think we -- here's where we can get benefit,
17 here's what we think we can get -- you know, we
18 can deliver value to that person that would have
19 that expertise.

20 CHAIR VANROEKEL: What are the next
21 steps on this, Jon?

22 MR. McBRIDE: I think our hope is that

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1 we do two things, that we go out and find a
2 coalition of the willing in the private sector
3 for the light shared learning experience model.
4 In the meantime, we've actually already asked
5 the cohort members to go talk to their cabinet
6 secretaries and try and find a handful of cabinet
7 members who want to be part of a trial program,
8 and hoping that we get a core number on both
9 sides, and try to then determine what the actual
10 program would look like, and try something small
11 over the next year to get momentum then to try
12 something larger.

13 CHAIR VANROEKEL: This group is back
14 together I think in September, so getting -- it
15 would be great reconvene and talk about where we
16 are on that.

17 MR. WINSLOW: And one of the things
18 we'd also like to do is to reach to you all
19 individually to tap into some of the folks inside
20 your organizations just to help us as we continue
21 to develop this idea, and to pressure test some
22 specific questions as we do have them. Anything

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1 else?

2 MR. McBRIDE: Thank you very much for
3 your time.

4 CHAIR VANROEKEL: That concludes our
5 agenda.

6 MR. WINSLOW: It definitely does, and
7 again, as the Designated Federal Officer, thank
8 you very much. We are going to close the meeting
9 now because we have a couple of Administrative
10 items that we'd like to talk about which are off
11 camera. So, thank you very much for all of those
12 who have been listening to the webcast, and this
13 concludes our meeting of the President's
14 Management Advisory Board.

15 (Whereupon, the proceedings went
16 off the record at 11:41 a.m.)

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