



SECRETARY OF THE ARMY  
WASHINGTON

ACTION MEMO

FOR: SECRETARY OF DEFENSE *JAM 7/30*

DepSec Action 7/30/18

FROM: Mark T. Esper, Secretary of the Army *Mark T. Esper 7-26-18*

SUBJECT: Reorganization of the Executive Branch – Proposed U.S. Army Corps of Engineers (USACE) Reorganization

- The Army worked closely with USD (C) on the response to OMB. The Army concurs with the Comptroller's memorandum and recommendations.
- Of note, if this transfer occurs and DoD divests of the CW function, DoD's response to national emergencies and disasters will change. The agency receiving CW capabilities will need to be postured to provide the engineering expertise to FEMA during national emergencies and disasters.
- With your approval, the Army will initiate the following actions to prepare for the proposed reorganization:
  - ASA (CW) and USACE will convene a team to commence planning for the reorganization.
  - ASA (CW) and USACE will engage the Departments of Interior and Transportation to prepare for the transfer of functions and responsibilities.
  - ASA (CW) and USACE will work with OMB to ensure DoD equities are addressed in the final transfer order.
  - ASA (CW) will conduct an external review to assess how USACE can be more effective and efficient after the reorganization is implemented.
- Since the reorganization of USACE will require several pieces of legislation to be amended, the Army is prepared to work with Congress and OMB Legislative Affairs, upon Secretary of Defense approval.

RECOMMENDATION: Approve the Comptroller's recommendations.

Approve *JAM 7/30* Disapprove \_\_\_\_\_ Other \_\_\_\_\_

COORDINATION: NONE

Attachments:  
As stated

Prepared by: LTC Jabari M. Miller, (703) 697-5338



**TAB**

**A**



UNDER SECRETARY OF DEFENSE  
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WASHINGTON, DC 20301-1100

INFO MEMO

COMPTROLLER

FOR: SECRETARY OF DEFENSE

*January 30  
12 Jul 2018*

DepSec Action 7/13

FROM: David L. Norquist, Under Secretary of Defense (Comptroller)

SUBJECT: Reorganization of the Executive Branch - Proposed U.S. Army Corps of Engineers (USACE) Reorganization

- On June 21, 2018, OMB announced a proposal to transfer the USACE Civil Works (CW) function from DoD to the Departments of Transportation (DOT) and Interior (DOI).
- CW missions are funded through non-DoD appropriations (~\$6+ billion annually), so a transfer does not directly affect our topline.
- Per the Secretary of the Army, divesting the CW function from the USACE would have minimal impact on the military readiness and lethality of the U.S. Army.
- However, the USACE Military Program does rely on the engineering expertise of the USACE CW personnel in operational execution to support DoD's missions abroad, and therefore, the Department must ensure the technical, expeditionary capability resident in CW that is needed by the COCOMs (including NORTHCOM) remains available to DoD.
- Recommend the Department work with OMB over the summer to determine if this recommendation provides efficiency and economic benefit to the American taxpayer, and if it does, seek an outcome that ensures CW expeditionary capability continues to be available to DoD.
- Attached is a detailed fact sheet on the proposal that we have closely coordinated with the Secretary of the Army.

Attachments:

As stated

Prepared by: Anne J. McAndrew, OUSD(C), 703-695-3950

SD CA		DSD SA	
SD SMA		DSD SMA	<i>7/13</i>
SD MA	<i>2</i>	DSD MA	<i>7/13</i>
CoS		DSD CA	
SD Action Grp			
ES		ESB Rvw	<i>RM 7/2</i>
ESR	<i>RGB 7/12</i>	ESD	



OSD009344-18/CMD011786-18

USC000505-18

**TAB**

**B**

## Fact Sheet

### Reorganization of the Executive Branch - Proposed U.S. Army Corps of Engineers (USACE) Reorganization

- In March 2017, POTUS Executive Order, 13781 directed OMB to propose Executive Branch reorganization (~~TAB-A~~). In response, on June 21, 2018, OMB announced a proposal to transfer the USACE Civil Works (CW) function from DoD to the Departments of Transportation (DOT) and Interior (DOI) (~~TAB-B~~).
- The reform objectives are to divest non-warfighting functions from DoD, aligning the CW mission areas into DOT and DOI to improve the efficiency of Federal policy and actions.
- Pulling the CW mission out of the USACE will require Congress to change several laws – from civil works authorities to emergency operations authorities – and fundamentally alter how it appropriates money for these programs, so it will likely take time to approve and then implement this reorganization.

**Background:** USACE is staffed with approximately 33,000 civilians employees and 700 military personnel performing a range of missions, but notably Civil Works and Military Program missions.

- **Civil Works:** About 22,900 of the total USACE civilian and 300 military personnel perform CW missions that are funded through **non-DoD appropriations** (~\$6+ billion annually). USACE also receives funding through Interagency and International Services Program on a reimbursable basis (~\$1 billion annually). The USACE CW contracts and leverages private firms to plan, build, operate, and maintain a wide range of water resource facilities, and then supervises them. It performs water navigation, reduces flood and storm damage, protects and restores aquatic ecosystems, and provides flood emergency and natural disaster response.
- **Military Program:** Chief of Engineers Military Program employs the remaining 10,100 of the USACE civilian workforce and is funded with **DoD appropriations** supporting military missions, such as military construction, installation support, and contingency support.

#### **Impact of CW Divestiture on Military Readiness**

- Divesting the CW function from the USACE would have minimal impact on the military readiness and lethality of the U.S. Army.
- However, the USACE Military Program does rely on the engineering expertise of the USACE CW personnel in operational execution to support DoD's missions abroad.
  - USACE Military Program leverages personnel from the CW workforce, but paid for with Army O&M, to provide direct, expeditionary support of military operations.
  - USACE currently has over 250 civilians deployed – many from the CW workforce – supporting USCENTCOM.

**Implications of the Reform Proposal:** Transfer of the CW function to DOT and DOI requires DoD to consider and address the following:

- Assuming that an expeditionary capability to provide engineering support to the COCOMs remains important, then DoD will either need firm assurance that CW personnel will be

available from DOT/DOI to deploy for current/future military operations when needed, or DoD will need to retain or re-create an appropriately-sized organic capability of this type.

- In the event of a natural disaster or emergency, DOT and DOI (not DoD) will need to make CW personnel available to FEMA. DoD will provide support unique to the military, such as military airlift, but will no longer provide the civilian expertise needed to assist a community during/after a disaster.
- A positive benefit of divesting the CW function from USACE is that DoD/Army can increase its focus on military readiness and lethality, and not be distracted by national, civilian infrastructure projects, and the occasional political flare ups that surround some of them.

**DoD Recommended Position:** Prior to any reorganization—

- Support OMB's goal to provide efficiency and economic benefit to the American taxpayer, while ensuring DoD's capacities are not negatively impacted.
- Ensure the technical, expeditionary capability resident in CW that is needed by the COCOMs (including NORTHCOM) remains available to DoD—after studying the pros/cons of various options—at no/minimal additional cost to DoD.
- Ensure that DOT, DOI, FEMA, et al, understand the consequences of pulling CW from USACE when it comes to natural disasters and emergencies, and that these agencies now assume responsibility for providing that support going forward.
- Ensure that the USACE remains the lead federal agency for any civil works/engineering projects on DoD bases, installations, properties, etc.
- Review and implement USACE recommendations to improve the efficiency and effectiveness of national infrastructure projects, beginning with immediately moving the permitting of non-DoD projects to other agencies in the federal government.

**Implications, Way Ahead and Finalized Process:**

- OMB intends to engage with Departments/Agencies over the summer on what proposals can be achieved administratively and which ones may need congressional approval or would appear in the 2020 budget.
- DoD will need to work with OMB to outline the steps necessary to accomplish the transfer in order to assess the feasibility and finalize decisions within the Administration.
- Pulling the CW mission out of the USACE will require Congress to change several laws – from civil works authorities to emergency operations authorities – and fundamentally alter how it appropriates money for these programs, so it will likely take time to approve and then implement this reorganization.

**COORDINATION:** TAB C

**Attachments:** As stated

**Prepared by:** Anne J. McAndrew, OUSD(C), 703-695-3950