U.S. AGENCY FOR
GLOBAL MEDIA

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SPENDING REVIEW

WHAT WAS FOUND

Michael Pack became the first Senate-confirmed CEO of the U.S. Agency for Global Media (USAGM) in June 2020. Immediately after beginning his three-year tenure, he issued a freeze on new spending requests to survey agency operations, which had long been the subject of criticism. The objective was to determine the validity of the agency's financial environment and take corrective action as needed to conform to statutory and regulatory requirements. Holds on outlays like the one carried out at USAGM are routinely undertaken by new leadership at both private-sector entities and nonprofit organizations for the very same reason: to ensure that resources are being used not only effectively and efficiently, but also legally. This was an essential action, not least because it is the American taxpayer who generously funds the agency's annual budget of around $800 million.

New USAGM senior management quickly discovered that the criticism of agency operations was, unfortunately, well deserved. USAGM's human relations office and contracting processes, in particular, were in disarray. They were simply unable to provide fundamental information about the relatively-small federal agency, such as the total number of people employed by USAGM. While it was known that a significant percentage of USAGM personnel were employed as Personal Services Contractors (PSC), the agency was unable to actually provide the work agreements, making it virtually impossible to determine, for instance, the number, location, and duties of contractors—many of whom are foreign nationals. Further, chains of command were broken and jumbled throughout USAGM, leaving PSCs and Full-time Equivalent (FTE) employees alike unsure of their own reporting structures.

Reviews conducted by both the U.S. Government Accountability Office (GAO) and the Office of Inspector General (OIG), and additional investigations of agency operations, revealed a striking amount of questionable activity. Frequent “emergencies” were used to justify the ramming through of some contracts without normal, regulatory-required reviews and timelines. Other contracts were being forced through to cover disparate items, including some that were partisan and involved the hiring of friends and companies owned by personal acquaintances.

When reviewing the financial environment, the agency’s senior management uncovered issues that further necessitated a freeze on new hiring. First, it learned that previous agency senior management had been repeatedly violating national security protocols and essential federal government personnel security practices for at least a decade. The myriad problems impacting the agency were identified in multiple agency assessments conducted by the U.S. Office of Personnel Management (OPM) and the Office of the Director of National Intelligence from 2010 to 2020. (USAGM released OPM’s most recent assessment in August 2020.) Second, there were major concerns that USAGM had long been improperly utilizing the U.S. Department of State’s J-1 visa program.

Importantly, the spending and hiring freeze was never actually a full freeze, but instead a review period until new USAGM senior management was in control of the agency’s financial environment. It involved a case-by-case review process on all contract renewals or new bids and personnel actions, with the exception of retirements, terminations, and/or resignations.

The directive applied to obligations/commitments to new contracts and option year and/or other contract extensions, and not to obligated funds. Also, it did not apply to existing obligated/committed funds required for standard operating expenditures for physical spaces, equipment, maintenance, vehicle operation, supplies, and other necessary mission and life support functions—including the use of imprest funds and credit card accounts obligated to pay for such expenses, locally.

For current contracts that were using funds obligated in either base or option years, they were, unless otherwise directed, to continue operating under their base or current option-year obligations. Further, all personnel actions relating to hiring or promotion did include reassignments, details, and temporary promotions. It did not include pending disciplinary actions.

WHAT WAS DONE—AND WHY

At CEO Pack's direction, the agency reviewed and assessed its contracting and grant-making processes. As a result, new USAGM senior management recognized the need to revise the review-and-approval process. Further at CEO Pack's direction, USAGM instituted procedures to improve the integrity of contracting decisions by bolstering conflict-of-interest and regulatory-acquisition requirements.

In terms of grants, new USAGM senior management reviewed agreements that were currently in place and requiring renewal in Fiscal Year 2021. In keeping with statutory, regulatory, and policy requirements of the U.S. Office of Management and Budget (OMB) and the U.S. Department of Justice's Office of Legal Counsel, USAGM's Office of the CEO revised the terms and conditions of agency grants to conform to the findings of OIG and GAO reports for U.S. national security, performance management, reporting, and stewardship of U.S. taxpayer money.

WHAT SHOULD BE DONE MOVING FORWARD

Continuing to move forward, USAGM will enforce the revised contracting- and grant-making processes, and it will comply with all statutory, regulatory, and policy requirements of OMB and other federal entities.