Mission is Possible Presidential Transition Mini-Series

Episode 5: Michael Daniel: A View from Inside the White House

SASHA: Welcome back to Mission is Possible. I am Sasha O'Connell and I am thrilled to be introducing this miniseries of the Mission is Possible podcast, a joint project between Guidehouse and American University. This spin off series dives into the world of Presidential transitions and explores what can be expected inside the agencies during this timeframe, and how best to prepare for success by talking with the folks who have been there. Thank you for tuning in, and please enjoy.

Prior to the election, I sat down with Michael Daniel, who currently serves as the President and CEO of the Cyber Threat Alliance. Michael previously served on the National Security Council Staff from 2012-2017 and prior to that worked in the Office of Management and Budget. In this episode, Michael shares his varied perspective from his career in government about the most successful transitions he experienced, and what made them so smooth.

SASHA: Michael, the best thing to do to start, if you could maybe give us a short background. You have a storied career in federal government. We're particularly interested in your experiences during times of transition - presidential transition. Can you talk a little bit about where you were, and what that looked like from where you sit?

MICHAEL: Sure. I served for 21 and a half years in the federal government, starting from 1995 through early 2017, and I worked in two different places, one the Office of Management and Budget, and the other, the National Security Council. Both of those are part of the Executive Office of the President, so the broader set of agencies that directly support the President of the United States. In that position, in particular at OMB, there's a very strong role in any sort of transition process that goes on. So that's really the vantage point that I had working in those agencies, and going through multiple transitions.

SASHA: Okay, perfect. Thank you so much for that. That's so helpful. What do you think from that perspective of the secret ingredient to a good transition between administrations? What do you think makes it more difficult than necessary, or if you can, maybe talk about some examples of things that went well?

MICHAEL: Sure. Well, one thing I can say is any transition is going to be chaotic and difficult. There's just no two ways about it. The nature of transitioning from one administration to another is always going to come with some bumps. And a transition from one party to the other is particularly fraught with challenges. There is an inherent level of distrust that you have to work with, and you have to overcome, so there is no perfect transition. That said, I do think we certainly have had examples of transitions that have actually run remarkably well, given those constraints.

MICHAEL: In particular, I think the transition from the Bush Administration to the Obama Administration in 2008 to 2009 was particularly noteworthy because of the professionalism with which it was carried out. And some of that is the result of President Bush being very clear from the very beginning that he expected his administration to do a professional job in the transition, and President Obama expecting that the transition team would be respectful of the current administration and the transition process. And that was as a result of both of those leader's emphasis on that. I think it established the right sort of atmosphere for the transition. To me, that's really one of the key ingredients.

I do think that another aspect of a good transition is also being organized about it and really being intentional about understanding the policy goals and priorities of the incoming administration and how they want to set that up. Then thinking about what programs already exist, and how you can leverage the existing structures to support those new policy goals.

SASHA: In terms of those existing structures, obviously with your expertise at OMB, can you talk a little bit for our listeners in the national security sector about what they can expect in terms of the impact of a transition on the budget process? One of those things that must turn on.

MICHAEL: Yes.

SASHA: I know this is near and dear to your heart.

MICHAEL: Yeah. So inevitably a presidential transition, particularly from - well, if it's from one term to a second term, the impact is virtually nil. The budget process pretty much goes on as you would expect, if you were actually switching from one administration to another, regardless if you're at the end of a second term, headed to the same party or a different party, that throws a big monkey wrench into the budget process, because the transition from the budget process standpoint could not happen at a worse time. So, what ends up inevitably happening is the budget process gets broken into really two different parts.

There's the technical part that OMB and the agencies will do because there's a lot of background work that has to go on that's very detailed, that involves compiling information about what has actually happened in the past, like what part of the budget has already been executed and how the current year is already being shaped because that's factual. That is what

has happened and isn't determined by policy. You go ahead and you work on that part and you set the baseline.

But an incoming administration is going to want to have an impact on the policy of the budget that was sent up. But inevitably given the timeline, the fact that they don't have as many people ready, that first budget that they send up is very limited in the way that it can shape policy.

It's really not until the next cycle that an incoming administration can really shape the budget policy from beginning to end. That makes that part of the process particularly fraught. You often have people who are coming in, who don't understand all the ins and outs of the federal budgeting process. They're also trying to get up to speed on how that works, particularly if they've not had previous government experience - government budgeting is nothing like how it works in the private sector. That's a steep learning curve for people.

SASHA: I know you and I have talked about other kinds of processes that must go on, and that distinction between a transition policy change, and process change. Can you talk a little bit more about that and how that might look from a department or agency perspective as a new administration or second term leadership comes in?

MICHAEL: At the presidential level, one of the things that a lot of people don't realize is that when you have a switch to a new president, so not a second term, but a new president - when the people show up there is nothing. Even if you're on the NSC staff. You have to go through an enormous hoop to retain any of your records, emails, anything from the previous administration. They start with a completely clean slate, so there's nothing. There's this tendency to want to try to make up things from scratch. Because a lot of that existing infrastructure doesn't exist. And they have a lot of control over how that those processes change and what they look like.

Now if you're at OMB, that's a different story because they're a slightly different kind of agency. And you can retain records across presidential administrations more easily. So as a result, the Office of Management and Budget becomes the repository of a lot of the institutional knowledge within the White House about how things actually get done. Because of that, processes can change and are going to change at the White House level, because a new president's going to have his own way of running things and that's going to be reflected in NSC processes and White House processes. And instead, it's going to take a while for that to get established.

SASHA: It's so interesting. I never thought about the continuity of operations in terms of documentation. In that vein, when you think about that kind of change, whether it's for policy or

process, can you talk a little bit about the role of language and branding and how people use language?

MICHAEL: We used to have a joke at OMB about how when you got to a change in administration, it was time to pack up all of the previous party's names and switch them out and get out the incoming parties names and just drop them in because they were all actually the same program. They just had different names. That of course is not actually true, but there's some truth to that.

Any administration is going to want to have its branding, the way that it talks about what it does - support for the middle class, or government reform, or health care issues, or national security issues. They're all going to have ways that they talk about it, and they're going to want their programs and their policies to reflect that language and that terminology. But the truth is that a lot of times the difference in terminology actually obscures a broader agreement in a lot of policy.

And so, one of the recommendations I always have for folks in the national security world is that before you get your hackles up about a change in name, think about whether or not the change in name actually really matters to the mission and goal of the program. And that's very important for thinking this through. Sometimes it will, because the new administration will have different ideas about what the priorities are. Just because the previous administration cared about this particular program to assist with this group in that country. That you may have been working on that may not be a priority anymore, but it also may be the case that they want to slightly refocus it and rebrand it and it's largely the same mission. And that's okay because that's how our system is supposed to work. That's why we have the democratic process. I think that's very important for people to keep in mind - what's actually changing and what's actually going on.

SASHA: That's super helpful. And I can imagine, again, having been a career federal employee, coming in you're pretty defensive, right? About a decade's worth of work in an area that has had general consensus. But I hear what you're saying in terms of being open minded. I can imagine it might take a little bit of time for a new leader or a new administration to suss out for those have been very involved in the details of programs. Is this really about language and we can just agree, or is this about a real difference in priority? Sometimes in my experience, maybe it's not 100% clear in the beginning of these conversations where this language change is coming from - does that resonate with you? I just think it might take a little time. Some patience might be required.

MICHAEL: Absolutely. And it depends on the experience of the people coming in. How much they know about how the government does things and why the government does things.

One of the primary issues that I think has really emerged is a broader point about how we as Americans think about government and the civil service. I'll give you a very clear example. There are many frustrations with the acquisition process for very legitimate reasons. It is too slow. It is too cumbersome, but it's set up that way because in many cases we wanted the government to be fair. We wanted the government to consider a whole bunch of things that we never asked any private sector company to think about when it makes an acquisition, in terms of actually being fair to certain groups in society or being fair among competitors. As long as you're not violating antitrust laws, we don't actually tell the private sector, "You can't favor this vendor over another," which is what we expect of the government. And that imposes a process cost.

From my perspective, one of the things that is the job of the career staff at a place like OMB is to help educate the incoming administration on how you can achieve your policy goals and figure out the right levers to pull inside government. Because it may not be obvious if you haven't lived through this and lived in this environment as to how you get to the end point that you want. I would extend that to most of the National Security Committee, in that part of the job during a transition is to help educate the new leaders on how they can achieve what they want to achieve. That is an absolutely critical part of managing a transition.

SASHA: So interesting. Switching gears, but staying on the theme of education and of understanding how things work, something near and dear to my heart is the NSC and how it works. So can you start for our listeners - whether they're in departments and agencies now, or maybe people thinking about coming in during the next term for Trump or for a Biden administration - can you give us a little 101 on the NSC to start? And then, like you explained for OMB, talk about what is the role of the NSC during a transition? How does that work? What can the departments and agencies expect? What could new leaders expect in terms of interaction there?

MICHAEL: When you think about the National Security Council staff, the NSC itself is by statute made up of the heads of departments and agencies. It's the Secretary of State, the Secretary of Defense, and the Director of National Intelligence and others that are explicitly called out in the statute. And the staff that work for the National Security Advisor who was also part of the National Security Council. The staff's job is to enable the government to arrive at policy decisions that reflect the input from across the federal government and all the different departments and agencies, so you get all of those interesting points of view reflected in the policy decision making process.

It is really about how you structure a decision-making process. That's what the NSC is all about: how you set priorities, make decisions, and then carry them out. That is really the bread and butter of the NSC - shaping that policy, getting consensus, and then arriving at a consensus across all of the different elements, and teeing up those policy decisions.

The NSC staff's job is to try to clarify what the policy issues are, and where there are disagreements. So that it's clear what decision we're asking the seniors to make. You strip away all of the stuff where there's agreement and you strip away all the parts where it's actually just a difference in words, and you focus in on where the actual policy disagreements are.

The NSC has a machinery that's designed to enable that to happen in an organized fashion that allows us to keep a record of it. That's what the NSC does. During a transition the NSC is designed to enable the incoming administration to begin making decisions and to keep a record of those decisions. That's what it is all about. It's focused largely in the national security area because of the nature of the issues within the areas of intelligence, the military, foreign policy, and associated issues.

I think what's been interesting is that the NSC's mandate has expanded over the last 20 years as we've added some things that are clearly related to national security, but have implications that go well beyond that. For example, cyber security, which was my area on the NSC. Is that a national security issue? Yes. Is it an economic issue? Yes. Is it a public health and safety issue? Yes. It's all of those things. So, the NSC's mandate has expanded some, particularly in some of the science and technology areas that have national security implications, but that's really what the focus of the NSC is.

SASHA: That's so helpful. And what recommendations or advice would you have for someone who's coming in to a new senior political role in a National Security Agency who hasn't interacted with the NSC before? Someone who is preparing to come in after they find out the results of the election this year, and they're trying to get their minds around the NSC. I know it depends on level, but are there misconceptions that folks have when they come in? Things that you wish folks knew before they came to you to interact with you? What advice or suggestions, or myths can you bust, on the NSC for folks who may be coming in after the election?

MICHAEL: The NSC is made up of mostly detailees from the agencies. And there's a very deliberate reason for that, because there's a strong desire to make sure that the expertise and understanding and connectivity back to an agency is actually there. So that expertise is brought to the NSC. But the NSC's job is to shape the policy decisions for the Deputy Secretary and the

Secretary level, and ultimately the Presidential level. They're not doing their job if they don't fairly represent all of the different points of view from across the government. It's really their job to synthesize that information and that point of view.

If you ask any agency, they will always tell you that the NSC is biased against them. Because they don't always agree with everything that the agency puts forward, but the truth is if you understand the NSC, you understand that when it is working well, it is trying to really shape those policy decisions. And it is going to take your agency's point of view into account. I made this argument when I was at OMB as well, that there are many times when your point of contact on the NSC may in fact be your strongest advocate inside the White House for your agency's point of view. So the best way to interact is to make sure that the NSC staff have all of the best information that they possibly can, understanding that there are constraints.There are things that are not appropriate to go to the White House, but for those things that are going into the White House, it is critical they have the best information possible and have an open communication channel. It will not always be pleasant, and it will not always be easy, but in the long run, that will pay a lot of dividends.

SASHA: I assume it's similar, but would you have the same advice for OMB? If I'm a new political coming in thinking about how to get my mind around interacting with OMB, can you explain a little bit about the two sides of OMB for folks and what it means to have an examiner and how those relationships work?

MICHAEL: Broadly, OMB is divided into the budget half, and the management half, as its name might imply. The budget half of OMB is structured around the different departments and agencies. There's a national security division at OMB that has four different parts to it. One part that works on the operational side of DOD - how the ships, planes, tanks, and bases get run on a day to day basis, and how we pay people. There's another part that deals with how we acquire weapons and other systems, and how we do R&D. There's a branch that works on healthcare and the VA. And then there was the one that I ran for over a decade which deals with intelligence programs and all the black spooky stuff that the U.S. government does. But across OMB, on the examiner side, the examiners are really charged with understanding how the money works for their various programs. And most agencies have a very intense love/hate relationship with OMB. Because it's the OMB examiners job to say no. And we say no a lot.

We're the ones that would tell you "That idea is half-baked, it's time to go back into the oven." The smart agencies, the ones that actually knew how to work the system, would build that long-term relationship with their examiner knowing that sometimes they were going to get told no,

knowing that sometimes the results would not be what they wanted, but in the long run, it would pay dividends to have that relationship.

Because that examiner, when they go in to talk with their boss, when they go in to talk with the division head, when they go to talk with the OMB Director - that examiner is your advocate. They're the ones that are arguing, "Hey, this is what this program needs in order to accomplish this goal." If broadly the administration wants this program to do X, they've got to have at least Y in terms of money. They're the ones that are actually making that argument inside the administration.

On the budget side, it's about putting the budget together, assembling it into a coherent whole, helping to defend that budget with Congress, and then seeing how that budget is executed. In fact, the history of OMB is that it was created primarily as an execution oversight agency. It was originally created at the behest of Congress because Congress got tired of agencies spending all of their money in the first half of the fiscal year, and then coming back and asking for more. So, they created the Bureau of the Budget at the time, to ensure that agencies stretched their budget to last the entire fiscal year. That was actually the genesis of OMB.

Later on, we added some management functions. That's the other side of OMB. Those tend to be the more functional parts of OMB. There's a part of OMB that works on financial regulation, how the government does its finance, accounts, and books. There's a part of OMB that works on regulations. If you want to promulgate a new regulation that's of any significance, it's going to go through OMB for review. There's a part of OMB that works on procurement policy. There's a part of OMB that works on cybersecurity for the Federal Government and on IT policy. So those are the functional sides of OMB, and within OMB, those functional sides and the budget side work together on policy issues.

The Office of Management of Budget is an interesting agency that a lot of people, if you're not actually part of the Washington establishment, you probably never heard of it, but it does have a lot of influence.

SASHA: Absolutely, and so great to talk to you. Because I think for folks coming in from outside of government, both the NSC and OMB are kind of mysterious and actually incredibly important for leadership of departments or agencies. So, thank you so much for the overview. So helpful. One more question from an advice perspective - one of the lessons I took away when I had the opportunity to start doing some policy work with the NSC at the Bureau is that I had always understood that personal relationships were really important inside the FBI. I grew up with the FBI and I knew that's how you got things done, and the importance of trust. And then when I started interacting with the NSC, and the inner agency, I started to realize the importance of relationships more broadly. That at the highest levels this is how everything gets done.

Can you talk about that a little bit? And again, for the benefit of a potential listener who might be coming in from the private sector, can you talk about your experience with rebuilding those relationships? Or for someone potentially listening to this in a department or agency who has existing relationships that are about to change over? Any advice or suggestions of things to avoid when you think about that whole relationship piece during a transition?

MICHAEL: It's really no different than a lot of other aspects of our lives. That those relationships are how, as you said, things get done. It's not that there's not institutional relationships - in fact, we work very hard at building the institutional relationships. So, it's not entirely personality dependent, but I think what you really want to build is that level of trust.

So if your contact on the NSC calls and says, "Hey, what the heck is actually going on? What on earth was this latest policy intervention from the Bureau? What is driving that?" You actually have the trust to be able to give insight into the issues that are driving us and why we're taking this position.

And similarly, you want to be able to call your point of contact at OMB, and say, "What on earth was that decision? How did that happen?" Okay, let's back up and talk about this other part that you didn't see because the President made this commitment that flowed down this way. You want to be able to get that kind of explanation because a lot of that is never going to be put in writing, and it's not going to be reflected in official decision memos, but it's very important in understanding how communication flows.

A lot of that is the job of those examiners and the directors on the NSC. And that really helps the decision-making process in both directions. I think if you bring the attitude that everybody is trying to protect our national security and enhance our foreign policy, and that there's going to be disagreements over priorities and exactly how to do that, but there's not disagreement over that fundamental premise, things work much better.

SASHA: That's perfect. It definitely aligns with my experience in terms of the importance of that explanation of decisions being shared both directions, because once that breaks down and it's all in track changes in word documents on email, things go sideways and it just moves off the rails of productivity. Having those in person conversations are extraordinarily important to keep things on track in terms of decision making.

This has been great. Before we let you go, is there anything I haven't asked you that you want to share in terms of your experience, things to avoid, or advice you have for folks either sitting in the departments and agencies contemplating change coming or folks coming in to take senior

leadership roles who're thinking about navigating this time? Anything else we didn't ask you that you want to add before we let you go?

MICHAEL: It's important to understand that there are going to be some dropped balls. There's going to be some gaps. There's going to be some difficult times. But overall, the system is designed to enable you to overcome that and eventually it will enable that decision-making process to occur. To me, that's really the core of it. The other thing I'll say is the joke that the previous OMB Director had was that he finally understood the OMB career staff when he realized that if the Martians landed and took over the government, the Washington Post would run a headline that says, "Martians invade and seize power in Washington, OMB prepares for transition." There is some great truth to that. The career staff within OMB very much see themselves as serving the office of the presidency and they will very much take their job as ensuring as smooth a transition as possible given the constraints that they're working under.

SASHA: Awesome. It seems like a great place to end. Thank you so much for your time. This has been extremely helpful for me, and I know our listeners as well.

MICHAEL: Great. Thank you for having me. I really enjoyed the conversation.

SASHA: Thank you so much for tuning in to this episode of the Mission is Possible Presidential Transition miniseries. If you are interested in hearing more, look out for new episodes in this special series, and check out our other episodes on Apple Podcasts, TuneIn, Stitcher, or on the Guidehouse website.