

# HAS GOVERNMENT BEEN REINVENTED?

TESTIMONY BEFORE THE SENATE GOVERNMENTAL AFFAIRS  
SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT,  
RESTRUCTURING, AND THE DISTRICT OF COLUMBIA

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I am delighted to appear before this subcommittee today to address a deceptively simple question: "Has government been reinvented?" I emphasize the word deceptively, because the answer to the question depends entirely on how one defines the term "reinvented."

At its most basic level, the term refers to a basic notion that government is somehow wrongly configured to do its job. As defined in Vice President's Gore first report of the National Performance Review, the term "reinventing government" embraces the general conclusion that government both works poorly and costs too much; hence, the reinventor's mantra of a government that works better and costs less.

At a deeper level, even the reinventors would argue that their effort is about much more than simply remedies and cost savings. They would rightly caution that reinventing involves a long list of interlocking reforms that together make good on the 1993 guarantee of "effective, efficient, and responsive government." By the list of reforms proposed under that 1993 guarantee, reinventing government has generally fallen short of its goals, in part because of the general lack of follow-through on the legislative program needed for full implementation of the reinventing agenda, in part because the president has not exercised the full range of executive order authority at his disposal and has never put the full prestige of the Presidency behind the Vice President's reinventing agenda, and in part because of the mixed reception by individual departments and agencies. As the National Partnership for Reinventing Government (see National Performance Review) acknowledges, some agencies have embraced the overall thrust of reinventing, while others have not.

Thus, even though the National Partnership's website ([www.npr.gov](http://www.npr.gov)) notes that roughly two-thirds of the 1993 recommendations have been implemented, even a cursory review of the reinventing agenda suggests roughly as many misses as hits.

Consider Chapter 1 of *Creating a Government that Works Better & Costs Less*. Much as one can admire the general thrust of reducing red tape, seven years of work has left much of the agenda still beyond reach. The budget process has never been streamlined as recommended, in part because Congress never passed the biennial budgeting process that the reinventors considered so important for reducing needless motion, and in part because the president never created the executive budgeting process that reinventors saw as essential for focusing on results.

Despite these frustrations, the reinventors secured notable victories in decentralizing personnel policy and streamlining the acquisitions process. The former is most notable, unfortunately, for giving departments and agencies the freedom to ignore even the minimal rules that govern position classification, performance appraisal, and position management. The result has been a proliferation of new titles at the middle and senior levels of government, and a complete breakdown in discipline regarding the annual appraisal process. They also reinforce government's reputation as soft on poor performers.

Chapter 2 shows a similar pattern of success and frustration. There is no question, for example, that the reinventors have made great progress in giving customers a voice in government. One can easily admire the extraordinary focus that many departments and agencies now place on customer service, particularly in places that once saw citizens as mere distractions to be ignored. Although I have criticized the recent customer satisfaction surveys as being narrowly focused, I do applaud the general focus on reminding government that there are citizens out there to be served. This may well be the signal success of reinventing government that will endure well past the next election and far into the future.

Chapters 3 and 4 are the most frustrating in retrospect, largely because they promised important work on what are arguably the two most important issues facing the federal government today: rebuilding the federal service to compete in an over-heated labor market, while attacking the structural barriers to efficiency. Unfortunately, neither goal has been well addressed by reinventing government. Government is becoming an employer of last resort for America's most talented young people, in no small part because its organization chart remains a nearly impenetrable thicket of bureaucratic frustration.

The federal government is losing the talent war on three fronts. First, its current hiring system for recruiting talent, top to bottom, underwhelms at almost every task it undertakes. Interest in entry-level jobs is so low that the National Academy of Public Administration reports that two out of every five new federal employees hired during the 1990s were recruited from inside the federal government. They merely switched jobs.

Second, the federal government has given up on pay for performance. The annual appraisal system is so inflated that federal employees are not only all above average, but well on their way to outstanding. Many federal managers are unwilling to risk a trip to the grievance office by giving their subordinates anything less than outstanding, making the federal government look more like Lake Wobegone East than a world-class employer.

Most importantly, the federal government is so clogged with needless layers and convoluted career paths that it cannot deliver the kind of challenging work that today's labor market expects. Gone are the days when the federal government could compete for talent by offering an entry-level job twenty or thirty layers below the top, or by giving a talented student the chance to serve for a decade or two before rising to the pinnacle of an associate deputy assistant secretary post. The top graduates are not just saying "show me the job," but "show me the job NOW."

None of these problems would matter if the government-centered public service was still alive and looking for work. Offering just one way into government at the end of college or graduate school and every expectation of a thirty-year career, federal recruiting tactics were designed for a workforce that has not shown up for decades, and certainly not for one that grew up in an era of corporate downsizing and mergers. The government-centered public service is mostly a thing of the past, replaced by a multisector public service in which employees switch jobs and sectors with ease.

The federal government's options in competing for talent in an era of light attachment to work are simple. It can ignore the new public service and troll further and further down the class lists for new recruits, while hoping that a tiny pay increase will help, or it can start building the kind of careers that young Americans want.

Luckily, I believe you have a solution to these issues already on your docket. It is titled the "Government in the Twenty-First Century Act," and would establish a nine-member presidential commission to begin the long-overdue reshaping of the federal hierarchy.

The idea has actually been on the legislative docket for over a decade. Indeed, an early version of the commission became law in 1988 as part of the Department of Veterans Affairs Act, which elevated the VA to cabinet status. Tacked onto the VA bill by the Senate Governmental Affairs Committee as the price for creating the fourteenth federal department, the commission would have given President Bush the political cover needed to eliminate obsolete agencies and programs. Unfortunately, President Bush killed the commission before it was appointed.

Twelve years later, the federal hierarchy still defies common sense. It is choked with overlapping jurisdictions, duplicative programs, and redundant agencies, each one no doubt created for a salutary purpose, but notoriously resistant to reform nonetheless. Remember Vice President Al Gore's promise to eliminate the Department of Agriculture's Food Safety and Inspection Service and move its functions to the Food and Drug Administration or his proposal to transfer the veterans employment program from VA to the Department of Labor? Both programs are exactly where they were when the reinventing began.

In theory, this organizational "cacophony," as Senator Thompson calls it, could be harnessed for good. VA and Labor could compete against each to deliver job training, for example, while the Railroad Retirement Board, Office of Personnel Management, and the Social Security Administration could compete against each other to deliver retirement benefits. To the winner could belong the business. But just as the swamps at the mouth of the Ulonga-Bora bedeviled Humphrey Bogart and the African Queen, the government's organization chart serves more to exhaust and cultivate leeches than generate competition or innovation.

S. 2306 could be the gentle rain to lift the government out of the organizational swamps and onto its mission. First, the commission would be forced to map the federal organizational chart, thereby providing a guide for potential consolidation. No one knows for sure just how many employment and training programs there really are, nor how many federal employees are laboring in different corners to produce essentially the same goods and services. By mapping the bureaucratic terrain, S. 2306 would introduce a needed dose of reality into the anecdote-driven debates about organizational reform.

Second, the commission would be required to give the next administration, be it Democratic or Republican, desperately needed criteria for reshaping the existing hierarchy. With 900,000 federal jobs now on *Government Executive's* Federal Activity Inventory Reform list, it should be clear the term "inherently governmental" no longer holds much meaning for sorting what government should and should not do. Absent some alternative method for determining what is central to government performance and what can be let go, agencies will continue to saw down into their core capacity through attrition and voluntary buyouts.

Third, the commission would be asked to generate a list of targets for mergers, flattening, and elimination. Although its primary goal would be to reorganize toward strength, Thompson's commission would have that once-in-a-lifetime opportunity to recommend the kind of flattening that might give the federal government a fresh start in both doing its job and recruiting the next generation of public servants. Done with care, the flattening could help agencies create career paths that fit with the much more flexible economy of today, while giving Congress a reason to adjust federal salaries to keep pace with the market. It could also give the federal government's chief operating officers a forum to have a bit of influence over reinventing.

My main concern about S. 2306 is that the commission needs more power to act. Unlike several previous versions of his bill, which contained an action-forcing mechanism, the current bill merely requires that the commission present its recommendations to the next president and Congress. Although the president is free to give the commission a legislative idea or two along the way, the final report could easily become one of those archeological artifacts that find their way into the scholarly literature on why government resists reform.

Although one could rightly argue that his current bill is no different from the ones that created the Hoover Commissions of a half century ago. But those commissions delivered their reports to a president who had the power to reorganize federal agencies through executive order under the Reorganization Act, which expired in 1984. Absent some way to force its agenda onto the legislative calendar, as the military base closing commission did, the commission's agenda for twenty-first century government could easily be delayed until the twenty-second century and beyond.

The cosponsors of S. 2306 are right to be respectful of the next administration. But the recent history of reform suggests that he should choose a more aggressive course. Having worked so hard to map the federal tributaries, Thompson's commission deserves a chance to force an up-or-down vote on a thorough package of reforms. Absent that opportunity, the outcome seems preordained. After all, Congress and the president have proven much more effective at creating rivulets of organizational confusion than great rivers of bureaucratic performance. The

Governmental Affairs Committee should move full speed ahead with S. 2306, but also amend it to provide the needed action-forcing device to complete its task.