

# REINVENTING GOVERNMENT

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## HEARING

BEFORE THE

COMMITTEE ON OVERSIGHT  
AND GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

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# REINVENTING GOVERNMENT

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Tuesday, June 18, 2013

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,  
*Washington, D.C.*

The committee met, pursuant to call, at 9:03 a.m., in Room 2154, Rayburn House Office Building, Hon. Darrell E. Issa [chairman of the committee] presiding.

Present: Representatives Issa, Mica, Duncan, Jordan, Chaffetz, Woodall, Meadows, Bentivolio, Cummings, Maloney, Tierney, Lynch, Cooper, Connolly, Speier, Cartwright, Pocan, Duckworth, Welch, Cardenas, and Horsford.

Staff Present: Ali Ahmad, Communications Advisor; Alexia Ardolina, Assistant Clerk; Alexa Armstrong, Staff Assistant; Molly Boyd, Senior Counsel and Parliamentarian; Lawrence J. Brady, Staff Director; John Cuaderes, Deputy Staff Director; Adam P. Fromm, Director of Member Services and Committee Operations; Linda Good, Chief Clerk; Christopher Hixon, Deputy Chief Counsel, Oversight; Michael R. Kiko, Staff Assistant; Justin LoFranco, Digital Director; Mark D. Marin, Director of Oversight; Krista Boyd, Minority Deputy Director of Legislation/Counsel; Jennifer Hoffman, Minority Press Secretary; Carla Hultberg, Minority Chief Clerk; Elisa LaNier, Minority Deputy Clerk; Lucinda Lessley, Minority Policy Director; and Rory Sheehan, Minority New Media Press Secretary.

Chairman ISSA. Good morning. The committee will come to order.

We on the Oversight Committee exist to secure two fundamental principles. First, Americans have a right to know that the money Washington takes from them is well spent. And second, Americans deserve an efficient, effective government that works for them.

Our duty on the Oversight and Government Reform Committee is to protect these rights. Our solemn responsibility is to hold government accountable to taxpayers, because taxpayers have a right to know what they get from their government. It's our job to work tirelessly, in partnership with citizen watchdogs, to deliver the facts to the American people and bring genuine reform to the Federal bureaucracy.

My opening statement says in the last 10 years—Mr. Walker and others I'm sure will agree—that the growth in government goes far further back, and the last reorganization occurred before virtually everyone in this room and perhaps everyone watching this was born. Government in fact is currently too big to manage. This is not to disparage those who try to manage, this is not to disparage those who work in government. But like General Motors in its hey-

day, IBM at its largest, or United States Steel, any organization as it grows needs to ask the question, are we organized for our current business model?

I believe that when we look at waste, fraud, and abuse in government in the tens and hundreds of billions of dollars and realize that we're back year after year with the same report, that it should be a wakeup call that the fundamental organization of government is part of the problem.

I came from the private sector. Much smaller company. But one thing I know is when you're growing you worry about growing. When you're at war, America worries about being at war. When there's a tragedy, America focuses on it as much as the press.

Today, we are nearing the end of a war. Our country is growing slower than at virtually any time in modern history. We have just come out of a recession in which we do not have a healthy and robust rebound. More importantly, on a bipartisan basis, this country voted for sequestration. We voted to say government was too big. Then when it came time to actually deal with the effects of sequestration, we were shocked, shocked that in fact there would be a cost to reducing the spending.

This is part of a structural problem within our system. We really don't make a decision about what should be spent, we make a decision generations ago about what could be spent and then as it gets spent in greater and greater amounts, whether it's Social Security, Medicare, Medicaid, the food stamp program, we have no checks, no real ability to say how much can we afford, because they're entitlements. In discretionary spending we lament that there isn't enough for grants to various good-sounding programs.

Now, this is all about spending, something that Washington talks about all the time. Today, our hope is that we talk more about the decision process of the executive branch. Congress will continue to be only as good as the executive branch is well organized, their budget process transparent, their spending available to be scrutinized both by the Congress—on rare occasions alone—and for the most part by the American people.

That's certainly not what it is here today. It sounds partisan to say this administration is not the most transparent in history, but it's true. The fact is the most transparent administration in history, you'd have to go back 200 years or more. You'd have to go back to a time in which government's job was fairly simple. The only reason it wasn't more transparent is perhaps it took too long for someone to ride from place to place to find out where it was spending. But at any given time you could find out what the Army of the Potomac was buying, what their needs were, and pretty much figure out as well as the commanding general who was showing up and who was enlisted.

Today we have vast computer systems, spending somewhere over \$80 billion and perhaps as much as \$100 billion on programs that fail more than 10 percent of the time. That should tell us that the very systems that we try to put into place to give us the facts and figures are in fact part of our failure.

Too often the complexity has more to do with the political process than the organizational process. This occurs in the private sector, but not nearly the way it does here in Washington. It is politically

correct to have a Secretary of Homeland Security. It is politically correct to have a Secretary of Veterans Affairs. It is essential to have all of these Cabinet positions until they come before Congress and two things occur. They tell you it's another Cabinet position or it's OMB that's responsible or, as has been mocked lately, they simply say, "I don't know, I'll get back to you," to virtually every question.

That isn't new. It's been happening in administration after administration. It's time for bold reforms. It's time for Congress to make a decision that we have to disconnect the political process that has given us simply more and more Cabinet positions. If the President were to sit with everyone who is either a Cabinet or an independent agency at his desk, he of course would have the 24 or so people who recognize themselves as Cabinet level, but he'd have at least 74 people at that table. I only know that because there is at least 74 IGs who are principals.

We need to organize government in a bold new way, one that says there is functional responsibility and that functional responsibility can be seen and the American people can count on that individual to be the responsible party. On a very bipartisan basis, the ranking member and I introduced a bill, along with Mr. Connolly and others, that tried to bring that kind of accountability to the CIOs, the chief information officers around government, ensuring that if they had the title they had budget authority.

Ladies and gentlemen, that's a very small step, and it's not nearly bold enough. Every Cabinet position should be a principal advisor to the President. But everyone with budget authority should be defined in a way in which that budget authority, the origination and the handling of it, holds them accountable. I for one would love to have a day in which Cabinet officers for the most part never came before the Congress, because their primary job is to work with subordinates of appropriate areas of government and then advise the President as that principal advisor to the President.

I will close in saying that in preparation for today not only was I pleased to see the level of the panel we'll have for discussion, but I reflected on my days in the military very long ago and what I've seen since. The military is not organized for efficiency. Thank God they are not. They are organized for effectiveness. But they do have some principles that don't exist very well in the rest of government. They have too many people up the chain of command for a reason: If one is killed, the other must take command. But in the military, with rare exceptions, you know who you work for, you know who has UCMJ authority, you know who can control the decisions of money being spent at any level up and down the chain.

So as we look at reorganizing government, including the Department of Defense, let's look at models in which accountability is dramatically easier to find and then make it an appropriate hybrid for the many agencies of government, whether it's the National Institute of Health, the GAO within Congress itself, or the vast organizations that today are organized over historic lines and not necessarily logical or functional lines.

I'm joined today with my partner Mr. Cummings in this effort. This is one of those days and one of those items in which govern-

ment knows we have to do it. The question is, will you help teach us how?

With that, I recognize the ranking member.

Mr. CUMMINGS. Thank you very much, Mr. Chairman. Thank you for calling this hearing. As I was sitting here I was thinking that there are two words that I say to my fellow employees every day, and they are government workers, as I am. I talk about effectiveness and efficiency, effectiveness and efficiency. And what I've said to them, if we cannot be effective and efficient in what we're doing, we might as well go and play golf, even if we don't play golf.

Life is short. We're here for a short period of time and then we're gone. This is our watch.

And so, Mr. Walker, it's good to see you again. As the former Comptroller General, you know firsthand how important congressional oversight is to making government more effective and efficient. The GAO is one of the most important tools Congress has in conducting that oversight, and I want to thank you for your years of service and I want to thank you for being here today.

In February, GAO issued its third annual High Risk Report. The report details the most pressing challenges facing our Nation and the Federal government. In my opinion, the committee should be using that list as a roadmap for our oversight efforts. For example, GAO made the landmark decision to add to its High Risk Report the issue of climate change, which affects agencies across the Federal Government, as well as State and local jurisdictions and many of our constituents.

According to GAO, the government has already spent billions of dollars on damage from severe weather events related to climate change. And the manner in which we organize ourselves to deal with this threat will determine the results we achieve. Again, we are talking about effectiveness and efficiency, that is, using the taxpayer dollars effectively and efficiently.

For example, in April, GAO issued a separate report on the threat climate change poses to the billions of dollars we invest every year in infrastructure such as roads and bridges. Ladies and gentlemen, this is America. We can't have roads and bridges falling apart. We're better than that.

Mr. Chairman, in February, I sent you a letter requesting that the committee hold a series of hearings to address each of the four areas GAO highlights in its High Risk Report relating to climate change. You agreed to hold those hearings, and you said, and these are your words, "I believe we need to kick off the first hearing related to that risk. And I look forward to scheduling that hearing and also suggesting that our committees of jurisdictions do their oversight related especially to these areas—specifically to those areas."

It's now been over 4 months, but the committee has not held any hearings on this issue, and I'm sure we will. Mr. Chairman, I hope we can move forward in a bipartisan way to begin addressing this critical threat to public health in our economy. Again, we're only here for a season.

Another area the committee should examine is wasteful spending in government contracting. Earlier this month, the administration sent a legislative proposal to stop excessive payments to Federal

contractors. I might add that this is an interesting area because we have Federal employees who are taking 3 years of pay freezes. Some on furloughs. Some have actually lost their jobs. But at the same time, under current law, contractors can receive reimbursement for executive salaries and bonuses, and the cap on these reimbursements is \$763,000 and it's set to rise to \$950,000. That is almost a million dollars.

As one of my employees said to me just yesterday, Congressman, my baby-sitter—daycare center costs me \$1,200 a month. She's got a \$45,000 salary, and her salary has been frozen. It is outrageous that taxpayers are paying these salaries for the executives of contractors while Federal employees are being furloughed. The committee should hold a hearing on the administration's proposal to stop this waste.

Today we will hear additional ideas, and I look forward to hearing them, for identifying efficiencies in government spending through the establishment of a commission. As we consider these ideas, I urge my colleagues to keep in mind that it is the job of the United States Congress, all of us, we were elected, representing at least 700,000 people each, first and foremost to oversee the executive branch. That's our job. That that's what we were elected to do. That's what we were paid to do. Congress has the authority and responsibility to conduct oversight and to enact reforms, and this committee in particular has jurisdiction over interagency reorganizations. We should not shirk that responsibility, we should embrace it.

However, I think it is very important that when we have brilliant minds coming together making recommendations to the Congress, as we have all the time, and David Walker is one of the most brilliant, we need to hear what they have to say and be open to trying to make those changes that are, as the chairman said, bold, so that everybody comes out in a win-win situation. Not some folks winning and Federal employees losing.

I get very emotional about Federal employees because I see them every day, on both sides of the aisle. I see them working long days and long nights, David. You had them. And they give their blood, their sweat, and their tears. And they are concerned, as they should be. And I hope that when you address these issues, Mr. Walker, you will talk about that, because I think sometimes Federal employees get a bad rap. And I keep reminding my colleagues that we are Federal employees.

I hope the chairman will work with me and the other members of the committee to exercise that responsibility by conducting vigorous oversight and taking up responsible legislation that directly addresses wasteful spending.

So, Mr. Chairman, I anxiously look forward to this hearing. We certainly want to see government function properly. We want to not be in a situation that I found myself in not very long ago, and you've heard me talk about, Mr. Chairman, I'll talk about it until I die, because it was shocking, as I was chairman of the Committee on Maritime and Coast Guard under the Transportation Committee, and we were spending hundreds of millions of dollars on boats that didn't float, radar systems that were supposed to cover

360 degrees that covered 180. Come on now. This is America. Radios for these boats that if they got wet they didn't function.

And so there has got to be better ways. And I hope that you'll address this, too, our panelists, I hope you'll address this: How do we make sure we get it done? How do we make sure that we bring forth proposals that people can have buy-in. You know, sometimes we try to force things on folks, and it doesn't work. You know, sometimes you've got to find out how can you pull forces together so that they can work together to be a part of something to make it work, as opposed to talking and not getting anywhere.

And, David, I know you don't want to waste your time, your time is valuable, and all of you. I'm looking forward to hearing from you, and thank you very much. And I yield back.

Chairman ISSA. I thank the gentleman.

All members will have 7 days to submit opening statements and extraneous information for the record.

And, for the record, Ranking Member, as you know, last week we had suspension and debarment, which primarily was about—exclusively was about contractors. But I would announce that next Wednesday we will be having a procurement issue that I know the ranking member has worked with me on related to the IRS. So that'll be next thing. But, again, it's an outsourcing that we believe was wasteful and needs to have reform.

Mr. CUMMINGS. I look forward to it.

Chairman ISSA. With that, we welcome our panel of witnesses. As previously mentioned, the Honorable David Walker, who currently serves as chairman of the Government Transformation Initiative. And the Honorable Stephen Goldsmith is professor of government at the Harvard Kennedy School. Dr. Kamarck is director of the Management and Leadership Institute at Brookings.

Welcome.

Mr. Daniel Chenok is executive director of the IBM Center for the Business of Government. And I did mention IBM. You are in your heyday. I was referring to the heyday of the number of employees that IBM had, which once was probably second only to a car maker.

And Mr. David Cox, who is the national president of the American Federation of Government Employees.

Pursuant to government rules, would all witnesses please rise, raise your right hand to take the oath? Do you solemnly swear or affirm the testimony you are about to give will be the truth, the whole truth, and nothing but the truth?

Thank you. Please have a seat.

For the record, all witnesses answered in the affirmative.

It's a large panel today, but it's a great panel. So I would ask only that you recognize that your entire opening statements will be placed in the record. We will try to stay strictly to the 5 minutes because we look forward to the Q&A and dialogue that I believe is essential if we are to begin thinking about not who the alligators in the swamp are, but how do you rearrange and make it a little dryer so that perhaps it's not so much of a swamp.

And with that, Mr. Walker.

**STATEMENT OF DAVID M. WALKER**

Mr. WALKER. Good morning, Chairman Issa, Ranking Member Cummings, and distinguished members of the this committee. I'm honored to be here to provide information about actions that can be taken to improve the economy, efficiency, effectiveness, and credibility of the Federal Government.

I bring a somewhat unique perspective based upon my over 40 years of experience in all three major sectors of the economy, 20 years in the private sector, 15 years in the Federal Government, including almost 10 years as Comptroller General of the United States and head of the GAO, and now 5 years of nonprofit experience. As was mentioned by the chairman, I'm testifying today as chairman of the Government Transformation Initiative, which aims to create a Government Transformation Commission to transform the Federal Government in order to improve its operational performance.

GTI is a coalition primarily of not-for-profit entities, but some for-profit entities, dedicated to helping improve government performance for the benefit of the American people. As a former U.S. Comptroller General and head of the GAO, I know firsthand about the serious fiscal and operational challenges facing the Federal Government. Many, including the GAO, have identified various fragmentations, redundancies, duplication, and operational inefficiencies across the Federal Government.

For example, GAO issued its first High Risk List in 1990. At that time, there were 14 items on the list. The latest list has 30 items. More recently, beginning in 2011, GAO has been required by law to issue reports identifying areas where agencies can achieve greater efficiency and effectiveness. From 2011 to 2012, GAO identified 131 areas that could be improved. In a report issued in April of 2013, GAO identified an additional 31 areas for opportunity for greater efficiency and effectiveness. Most of these deal with redundancy, overlap, type of issues.

And in their latest report, GAO identified fragmentation regarding renewable energy initiatives, which was mentioned previously, whereby 23 different agencies have a variety of initiatives involving billions and billions of dollars.

There are many examples of inefficiency in government, but I agree that some of the most dedicated, highly educated people that I've ever worked with are government employees. Most of the recommendations have not been acted on, unfortunately. And in many cases the reason being is because the GAO has made a policy decision that they will not make recommendations to consolidate, terminate, cut, or add resources to particular agencies. They view that as a policy decision beyond their purview, and in fact most inspectors general feel the same way. And so therefore many times they will end up issuing great reports with great insights but they do not make specific actionable recommendations that Congress can act on. And in other cases, which I'll mention, when those are made, for a variety of reasons, Congress does not act.

The desire for the Federal Government to operate more efficiently and effectively is certainly not a new phenomenon. For example, in 1905 President Theodore Roosevelt created the Keep Commission that was designed to improve the administration of

government services. And I outline in an attachment to my testimony many other commissions, both executive and statutory, that have occurred over the last hundred-plus years.

The most successful of the 20th century efforts involve two Hoover Commissions created by the Congress under Presidents Truman and Eisenhower. These were statutorily created commissions intended to review and make recommendations for reorganizing and improving the operations of the Federal Government.

Improving upon and learning from these past efforts, the Government Transformation Initiative advocates for the establishment of a statutorily created Government Transformation Commission modeled after the Base Realignment and Closure process, the so-called BRAC process, a civilian BRAC. It would capitalize on the best practices of past commissions and leverage existing resources from GAO, the inspectors general, the congressional staff and others. The Government Transformation Commission would conduct independent and professional reviews that would result in specific actionable recommendations to the President and the Congress that could improve economy, efficiency, effectiveness, and credibility of the Federal Government.

Unlike the Simpson-Bowles commission, the Government Transformation Commission would not make policy recommendations regarding taxes, social insurance programs, or other policy areas. But it will focus on operational and management matters. Workforce reduction is not the focus of the Government Transformation Commission. If adjustments, eliminations, or consolidations are made to programs or activities, it would not necessarily result in the loss of Federal jobs because most individuals would be able to be redeployed within the Federal Government.

In addition, there is little question that there are too many government contractors in certain situations and not enough controls and safeguards over them. The work of the commission could result in replacement of certain government contracts by government employees. However, it's clear that some civil service reforms would be required to attract and retain the full range of professionals.

In summary, Mr. Chairman, I think the key is this: The Federal Government has a serious fiscal and operational challenge. We're going to have to put our finances in order. It's going to require tough choices. No matter who the President is, no matter who is in charge of the Congress, we have a duty to operate in an economical, efficient, and effective manner. It's highly unlikely that there will be a grand bargain this year. Something needs to be done to be able to send a signal to the American people that the Congress can work together with the President to do something that will benefit the American people. We believe this could be that action.

I'd be happy to answer any questions that you may have. Thank you again for the opportunity to testify, Mr. Chairman and Ranking Member Cummings.

Chairman ISSA. Thank you, Mr. Walker.

[Prepared statement of Mr. Walker follows:]

**Testimony before U.S. House of Representatives  
Committee on Oversight & Government Reform  
Hearing: Reinventing Government**

**David M. Walker  
Chairman, Government Transformation Initiative  
Former Comptroller General of the United States  
June 18, 2013**

Good morning Chairman Issa, Ranking Member Cummings, and distinguished members of the Committee. I am honored to be here to provide information about actions that can be taken to improve the economy, efficiency, effectiveness and credibility of the federal government.

I bring a unique perspective based on my almost 40 years of experience across multiple sectors of the economy, including over 20 years of private sector experience, over 15 years of total federal government service, including serving almost ten years as Comptroller General of the United States and head of the U.S. Government Accountability Office (GAO). During my tenure as U.S. Comptroller General I testified before Congress many times about government operations and transformation issues. Most recently, I've led two non-profit organizations, and am currently the founder and CEO of the Comeback America Initiative, which educates and engages the public about the threat posed by our nation's structural deficits and mounting debt burdens, and possible ways to address them. I am also currently Chairman of the Government Transformation Initiative (GTI), which aims to create a Government Transformation Commission to transform the federal government in order to improve its operational performance. GTI is a coalition of non-profit and for-profit entities dedicated to helping improve government performance for the benefit of the American people.

As a former U.S. Comptroller General and head of the GAO, I know firsthand the fiscal challenges that confront government. Despite recent positive news regarding the projected budget deficit, the federal government's fiscal path is clearly unsustainable. Congressional action in recent years has failed to

address the three main drivers of our structural deficits – aging demographics, rising health care costs, and an outdated, inadequate and overly complex tax system. Congress must take action to shore up our nation’s long-term financial stability. While these three issues must be addressed, there are numerous ongoing operating challenges within the federal government that result in huge waste and poor performance. These also have an adverse impact on the federal government’s financial condition, and our fiscal situation requires that government provide necessary services in the most economical, efficient and effective manner possible.

Many, including the GAO, have identified various fragmentations, redundancies, duplication and operational inefficiencies across the federal government. For example, GAO has issued its “High Risk List” since 1990. It started out with 14 items and the latest 2013 list has 30 items. More recently, beginning in 2011, GAO has been required to issue reports identifying areas where agencies can achieve greater efficiency and effectiveness. From 2011 to 2012, GAO identified 131 areas that could be improved<sup>1</sup>. In the report released in April 2013, GAO identified an additional 31 areas where agencies can achieve greater efficiency and effectiveness<sup>2</sup>. In the latest report, GAO identified fragmentation with regards to renewable energy initiatives, whereby 23 different agencies implemented hundreds of initiatives, estimated at several billion dollars in support for wind and solar energy, biofuels and other renewable energy sources. There are many other examples of government inefficiencies that GAO has identified (See Appendix I).

The desire for the federal government to operate more efficiently and effectively is certainly not a new phenomenon. For example, the following is a brief story from President Theodore Roosevelt’s autobiography:

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<sup>1</sup> GAO 2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue; GAO 2011: Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue

<sup>2</sup> GAO 2013 Annual Report: Actions Needed to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits

The story reached him concerning a requisition in 1904 by an officer in charge of a Bureau of Indian Affairs' district office for a stove costing seven dollars. Submitting it in early autumn, the official certified that the stove was vitally needed to keep the infirmary warm during the winter months and that the old stove was worn out and useless. The papers were processed through all their travels in the usual routine, and the stove was authorized and sent out. When the stove reached the district office he acknowledged its receipt according to the proper procedure. 'The stove is here,' he wrote, 'and so is spring.'

This event contributed to Roosevelt establishing the first of many formal presidential efforts (Keep Commission) to address inefficiency in the federal government. In fact, nearly all presidential administrations going back more than a century have taken some action with the intent to improve the management and administration of the federal government, with varying degrees of success (See Appendix II).

President Roosevelt's Keep Commission was designed to improve the administration of government services, specifically examining salary classifications, purchasing procedures, accounting procedures, cost accounting and business methods.

The most successful of the 20<sup>th</sup> century efforts were the two Hoover Commissions created by Congress under Presidents Truman and Eisenhower. These were statutorily created commissions intended to review and make recommendations for reorganizing and improving the operations of the federal government.

Improving upon and learning from past efforts, the Government Transformation Initiative (GTI) advocates for the establishment of a statutorily created Government Transformation Commission modeled after the Base Realignment and Closure (BRAC) process. It would capitalize on the best practices of past commissions and leverage existing recommendations from GAO, the Inspectors General and many other

parties that have yet to be acted on. The Government Transformation Commission would conduct independent and professional reviews that would result in specific, actionable steps the President and Congress could take to improve the economy, efficiency, effectiveness and credibility of the federal government.

Establishing such a commission would provide Congress and the President an entity dedicated entirely towards improving government operations and management, resulting in significant federal savings and improved performance. Savings could be repurposed to address shortfalls in other areas, expand improvement initiatives and innovation, and/or reduce the federal deficit. Additionally, by implementing cost-savings measures, the federal government would have more fiscal flexibility for needed investments. The Commission would also result in the sharing of resources, ideas and innovations among government agencies that would help to capitalize on best practices and avoid common mistakes. These improvements would be a signal to the public that action is being taken, in a bipartisan manner, which would help restore confidence in the federal government.

Unlike the Simpson/Bowles Commission, the Government Transformation Commission would not make policy recommendations regarding taxes, social insurance programs, or other policy areas, but would focus on operational and management matters. Workforce reduction is not the focus of the Government Transformation Commission. If adjustments, eliminations or consolidations are made to programs or activities, it would not necessarily result in a loss of federal jobs because most individuals should be able to be re-deployed within the federal government. In addition, there is little question that there are too many government contractors and not enough controls and safeguards over them. The work of the Commission could result in the replacement of certain contractors with government employees. However, civil service reform would be required to attract and retain the full range of professionals the government must access to discharge its many responsibilities.

Past presidential commissions and initiatives offer important insights into the structure a Commission should take. For example, as with the Hoover Commissions, GTI believes it is vital that the Government Transformation Commission be statutorily created. Past efforts initiated within the Executive Branch have not possessed the needed authority or the necessary buy-in from the Legislative Branch to ensure that some findings and recommendations are acted upon. Similar to the BRAC process, providing statutory authority by which recommendations would be guaranteed consideration and a vote by Congress would help to ensure that action is taken.

Every year, GAO, OMB, various Inspectors General, Congressional Committees, think tanks and others raise major management challenges to be addressed, but often progress is not made because most recommendations are not specific enough to be actionable. In February 2012, GAO made 132 recommendations to improve efficiency, but only 21 actions were specific enough to be fully addressed<sup>3</sup>. The creation of the temporary Government Transformation Commission will address challenges through an independent, fact-based, professional, non-partisan and non-ideological approach. GTI recommends the Commission consist of seven appointed members who have proven transformational change experience in the public, private and/or non-profit sectors. The Commissioners would be supported by an expert staff who would partner with qualified private sector contractors and appropriate government employees to conduct the work of the Commission. Commission reports would contain summary findings as well as specific and actionable recommendations. Periodic reports would be submitted to the Congress and/or the President for approval, depending on whether or not the action requires legislation. Importantly, the Congress and the President would remain the sole decision makers on issues. The Commission would serve to increase the federal government's capacity to address these issues in a more timely manner and results oriented fashion.

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<sup>3</sup> GAO 2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue

GTI recommends that the Government Transformation Commission be funded by appropriations for at least two years of initial funding. Thereafter, the Commission would be self-sustaining; designed to achieve a minimum return on investment of at least 10-20 times its cost. It could immediately focus on areas with a high rate of return (e.g., unused real estate, duplicate programs and activities) to find immediate savings. A modest reinvestment of some of those returns into the capacity of agencies and programs could serve to encourage agency cooperation and improve government performance. The Commission would last as long as Congress deems appropriate and necessary, but a six year initial period is suggested with a review every two years. It would then be reauthorized periodically by Congress based on need and performance.

GTI is ready to advise members of the Committee on the Government Transformation Commission concept, and I am happy to answer any questions members may have about more specific aspects of how such a commission might operate. I believe the fiscal and economic realities our nation faces, both now and in the future, require that we consider new approaches to ensure that government operates in the most economical, efficient and effective manner possible. I continue to hope that Congress can come together and achieve a fiscal "grand bargain" later this year, in which a Government Transformation Commission should be included. However, the recently lowered deficit projections, combined with various government controversies (e.g., NSA, IRS, Justice Department) and other key policy issues (e.g., immigration reform) make the prospects of a "grand bargain" less likely. If a "grand bargain" cannot be reached, establishing a Government Transformation Commission as a standalone effort would demonstrate to the public that action is being taken, thereby helping to restore public confidence in the federal government, which is sorely needed.

I thank you again for the opportunity to testify before your esteemed Committee, and am happy to answer any questions that you may have.

**Appendix I: Illustrative Areas for Improved Economy, Efficiency & Effectiveness**

<b>Areas</b>	<b>Potential Savings/Cost (Annual)</b>
23 agencies with Renewable Energy Initiatives	Cost of several billion
Federal Crop Insurance Program	\$1.2 billion in potential savings
18 programs for Food Assistance	\$62.5 billion cost
Medicaid Improper Payments	\$19.2 billion cost
Use of Strategic Sourcing	\$50 billion in potential savings
DOD Supply Chain	\$9.2 billion in potential savings
47 Employment Training Programs	\$18 billion cost
10 agencies, totaling 82 programs focused on Teacher Quality	\$4 billion cost
4 agencies, totaling 80 programs focused on Economic Development	\$6.5 billion cost

Source: GAO 2013 Annual Report: Actions Needed to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits; GAO 2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue; GAO 2011: Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue

## Appendix II: Past Initiatives to Improve Government Efficiency and Effectiveness

Presidents in office, Name of initiative, Date	Description
T. Roosevelt - Keep Commission (1905 - 1909)	Executive appointed commission to study and recommend changes in administrative practices of the Executive Branch. Commission members consisted of five government executives at the sub-cabinet level. Consisted of 12 subcommittees; approximately 70 staff across executive departments. Issued 19 reports outlining hundreds of recommendations ranging from agency-specific to government-wide changes. Most recommendations were not incorporated into legislation or executive orders, and implementation varied by department.
Taft - Commission on Economy and Efficiency (1910 - 1913)	Executive appointed commission to study agency appropriations and recommend how to reduce expenditures through better management practices. Membership consisted of five members from both government and private life. Commission produced numerous reports, some of which were sent to Congress. Most of the recommendations were agency-specific and most recommendations were rejected. Noteworthy recommendation included call for a national executive budget, which contributed to the eventual creation of the Bureau of the Budget and GAO.
Wilson/Harding/ Coolidge - Joint Committee on Reorganization (1921 - 1924)	Statutory commission composed of three members of the House and Senate to study the administrative services of the government, including overlapping and duplication of authority. At the suggestion of President Harding, Congress passed a supplementary resolution allowing him to appoint a representative of the Executive Branch. Committee submitted one consolidated reorganization report to Congress. None of the recommendations were directly adopted.
F. Roosevelt - Brownlow Committee (1936 - 1937)	Formally titled the President's Committee on Administrative Management, was an Executive appointed three person committee created to consider the problem of overall management of the Executive Branch. Committee members had previous private and public experience supported by 26 staff. Committee submitted a report to the President, which became a bill in 1937; however, because it came at the same time as FDR's court-packing bill it was seen as an executive power grab. More modest reorganization bill passed in 1939 that created the Executive Office of the President.

<p>Truman - Hoover Commission (1947 - 1949)</p>	<p>Titled the Commission on the Organization of the Executive Branch of Government, the "Hoover Commission" was a statutory commission of 12 members, six from private life, two from each Legislative Chamber and two from the Executive Branch, established to review the efficiency of the federal government. Members were appointed by the Speaker of the House, President of the Senate and President and required equal partisan representation. Commission was headed by Herbert Hoover and had 24 task forces and approximately 74 staff members. Submitted recommendations to both the President and Congress. Issued 19 separate reports containing 273 recommendations of which 116 were fully adopted and 80 were partly adopted. The commission provided a crucial impetus for passage of the Federal Property and Administrative Services Act, creating the General Services Administration, along with other significant reorganization and concentration efforts and management reforms.</p>
<p>Eisenhower - Hoover 2 Commission (1953 - 1955)</p>	<p>Statutory commission with the same title as Hoover I; 12 members, six from private life, two from each Legislative Chamber and two from the Executive Branch established to review the scope of federal government. Members were appointed by the Speaker of the House, President of the Senate and President; however legislation did not require equal partisan representation. The Commission issued twenty reports to Congress which were not required to be sent to the President; 314 recommendations of which 200 were fully or partially implemented.</p>
<p>Nixon - The Ash Council (1969 - 1970)</p>	<p>Advisory Council on Executive Organization was an Executive appointed council of five members assigned to suggest how policymaking could be centralized while administration decentralized. Members had both public and private work experience and divided into 6 working groups with an approximate staff of 47. Reports were sent to President, not Congress or the public. Council sent 13 memoranda to the President and recommended ambitious reorganizations of the Executive Branch. Only Reorganization Plan No. 2 of 1970, which reorganized the Bureau of the Budget to the Office of Management and Budget, and created the Domestic Policy Council, passed. Other proposals to transform the Executive Branch were rejected by Congress.</p>
<p>Carter - President's Reorganization Project (1977 - 1979)</p>	<p>Executive Branch initiative overseen by the OMB aimed at making government more efficient. It consisted of 30 working groups with approximately 129 staff members, but did not produce a comprehensive report. Informed the Reorganization Act of 1977, which restructured the Executive Office of the President. It also led to the establishment of the Senior Executive Service and contributed to the creation of the Departments of Energy and Education.</p>

Reagan - Grace Commission (1982 - 1984)	The President's Private Sector Survey on Cost Control was a private commission established by Reagan through an obscure provision in the law administered by Department of Commerce, and was aimed at making government work better for less. The commission was entirely private and given the right to review records, interview personnel and make public policy recommendations. The commission consisted of 161 CEOs and 2,000 staff members who reported to the President. The commission submitted one final report containing 2,478 recommendations. Some of the recommendations became law, although many of those had already been suggested by GAO or other government body. One significant achievement was the passage of the Chief Financial Officers Act.
Clinton - National Performance Review /National Partnership for Reinventing Government (1993 - 2000)	More popularly referred to as "reinventing government", the NPR was an Executive Branch inter-agency task force headed by VP Al Gore, aimed at addressing the public's disenchantment with government performance. NPR consisted of 250 staffers, all of whom were on detail from their relevant agency. The final report identified 100 significant recommendations and hundreds smaller ones. They were expected to save \$108 billion over 5 years. It did not result in legislation, but did impact management and behavioral practices across the Executive Branch.
W. Bush - President's Management Agenda (2001 - 2008)	Executive Branch council intended to improve the managerial workings of federal agencies. PMA was overseen by the Office of Management and Budget and the President's Management Council. The council consisted of executives from various federal agencies who convened monthly to discuss new issues, opportunities and best practices regarding the PMA. OMB created a rating scorecard to rate agencies under PMA.

Source: "Reorganizing the Executive Branch in the 20th Century: Landmark Commissions," By Ronald C. Moe, Government and Finance Division, Congressional Research Service Report RL31446, June 10, 2002; "President's Management Agenda," By HHS; "Managing for Results," By White House

Chairman ISSA. Mr. Goldsmith.

**STATEMENT OF STEPHEN GOLDSMITH**

Mr. GOLDSMITH. Thank you, Mr. Chairman, members of the committee. It's my honor to be here. Unlike many of the other distinguished panelists, I spent most of my time in State and local government; I was the Mayor of Indianapolis, Deputy Mayor of New York, and run the Innovations in American Government program at Harvard.

Chairman ISSA. Welcome to big government.

Mr. GOLDSMITH. Thank you. I think that's the right word, sir.

But I do study bureaucracies, and in support of the commission that's been discussed. So I'd just like to take a few minutes to identify what I think are the obstacles to efficient and effective government. And like the chairman and ranking member have both mentioned, you know, every day I see public officials who are doing great and heroic work. But generally they are doing it despite the structure of government, not because of the structure of the government. And what this transformation commission could do, and the same thing is being done by some city and State level officials as well, is kind of changing the structures of government. Let me just mention a few of the issues that I see.

First that we have developed a system where the public officials, bureaucrats, perform activities, right? Their discretion has been narrowed, they are not trusted with discretion or problem solving, and we get routine activities. And that comes from a period of time a hundred years ago where the only way to have honest government was to have hierarchies and control and command and rules and narrow the discretion. So today the way we've ensured that we don't have public officials who abuse their discretion is make sure they have no discretion to abuse at all. So they can't really solve any problems.

So as we look at this in a world of digital analytics and other ways of holding public officials and employees accountable, I suggest we begin to look again at how we can have discretion and accountability without saying we have to choose one over the other.

Secondly, government at all levels purchases activities and not outputs or outcomes. And when you purchase activities, you get more activities. If you purchase medical procedures, you get more medical procedures. If you purchase homeless shelter beds, you'll get more homeless shelter beds. But perhaps a transformation commission should look at how both the executive and the legislative branch can require more in terms of outcomes and outputs and a little less in terms of kind of inputs.

Third, we see across private sector, and in my experience with local and State officials is public employees want to solve problems. They are in public service because they want to serve the public. And the hierarchies that we've layered onto public employees ensure that there are extensive hierarchies and unnecessary hierarchies, and they reduce the ability of well-intentioned public employees to solve problems. So a transformation commission should look at whether all these levels of bureaucracy and oversight and hierarchies really accomplish anything or whether they're just sources of expense.

Then, Mr. Chairman, members of the committee, as we look at the transformation commission, and David has mentioned this a little bit as well, as you both have, the structures of government need to be reevaluated. The job classification system that served a purpose at one time now actually is not conducive to the effective and efficient government that we want to create. We see across the country in mayors offices and statehouses an explicit development of innovation offices, right? If you're going to drive transformative, innovation has to be somewhere outside of the day-to-day activities, somebody who has a responsible for innovation. And we're seeing that as a very successful model.

And then, as everyone has mentioned thus far, I have a fair amount of experience in public-private partnerships. And I would suggest that the bilateral choice that we've accepted, which is government employee, private sector, let's choose between the two, is no longer really an accurate reflection. Every complicated public enterprise today is a mixture of public and private and often non-profit. The question is, do we have the acquisition workforce necessary to purchase what we need, to control what we need, to integrate the pieces that we need?

And so in that regard, I'd suggest that this discussion of public-private partnerships and the structures of privatization, if you will, are outmoded and out to be rethought as well as we combine these together.

Two last quick points. We've set up government, I guess necessarily, as a vertical structure, right? It's easy for me to think about this in city government, right, there's a street department and a sewer department and a parks department. People don't live in verticals, they live in horizontals, they live in neighborhoods.

And as we think about a government transformation, we need to think about portfolio management. If we're going to have big solutions to big, complex problems, they go across government, they don't go down through government.

And then, lastly, we have a true revolution in data and our ability now to find out waste, fraud, and abuse, to find out high performers and low performers. To identify people who need assistance, to identify public employees who are not performing as they should is much better. And so data analytics, predicting and solving problems before they occur, looking at the employees that need help is all possible.

So, Mr. Chairman, members of the committee, I think there are very specific things we can do. I think we have, like, a once-in-a-century opportunity to do it, and I'm in support of the commission that's been suggested. Thank you for the opportunity to present.

Chairman ISSA. Thank you.

[Prepared statement of Mr. Goldsmith follows:]



Testimony of Stephen Goldsmith,  
Professor of Government at Harvard Kennedy School,  
Before the U.S. House of Representatives  
Committee on Oversight and Government Reform

June 18, 2013

Mr. Chairman and members of the Committee, thank you for the invitation to speak on government efficiency and performance in the context of the possible creation of a Government Transformation Commission. My name is Stephen Goldsmith and I am currently the Daniel Paul Professor of the Practice of Government at Harvard Kennedy School. In my time leading the Innovations in Government program at Harvard and my years of public service in Indianapolis and New York City, I have studied, evaluated and participated in numerous efficiency projects.

Across the country at every level, public employees each day produce effective services and even innovative breakthroughs, but they often do so despite the structures of government which restrict discretion, value activities over outcomes and fail to utilize the best of new technologies. I endorse a Commission which would broadly and fundamentally suggest new ways for taxpayers to receive the services they deserve at a price they can afford. Such a Commission should look at the following areas.

**1) Government needs to produce solutions, not activities, through outcome-oriented governance and a better balance of accountability and discretion in civil service.**

For 100 years now, we have developed civil service, oversight and procurement systems to limit corruption and abuses of discretion by limiting discretion itself. Narrow job descriptions, layers of outdated oversight, and hyper-technical and protracted procurement processes have produced a government that manufactures widgets designed for a single application, while entangling their production in red tape for reasons that virtually no one can remember. Today, as digital systems replace paper-based ones, analytics allow ongoing visibility into the actions of public employees—GPS chips in mobile tools tell us where employees perform their work, how long it takes to accomplish a task, and data helps supervisors better identify high performing employees and those who need help. All these technologies allow us to grant more discretion to workers, more flexibility to businesses with good records, and more trust to private companies partnering to deliver public services. Concurrently these approaches allow government to better concentrate its resources and attention—whether on regulating bad actors whose conduct requires thorough regulation and enforcement, helping individuals with the most intractable problems or producing public goods. For now though, the status quo encourages “safe” routine activity at the expense of innovation and solutions.

Almost inadvertently, bureaucrats remain preoccupied with tracking inputs and activities while spending too little time producing results. And if we pay for activities, as governments routinely do, we will always have more demand for those activities than we can afford and less demand for real results. For example, if we pay for visits to the doctor, that is what we will get. But if we pay for preventive services, we will be much more likely to get improved health outcomes.

Too little thought at the appropriation or agency level involves a true definition of public value—what outcomes are important to the public. Instead, we fund and track inputs—homeless shelter beds rather than the reduction of homelessness, or visits to the doctor instead of good health. Neither those receiving services nor the taxpayers who pay for them are well-served by spending money on activities that are not focused on solutions or delivering services that are too narrow, wasteful and impersonal.

Risk avoidance permeates the context in which most government employees work. Promotion depends on following rules and avoiding mistakes, not on reform. The problem here is one of incentives. We try to reduce risk by conditioning the behavior of public decision-makers to adhere to rules and procedures.

We have a government built on hierarchies that dramatically increase expenses while simultaneously suffocating continuous improvement. Reorganization needs to unlock ideas from those who do the work, rewarding their suggestions and implementing them. For example, IdeaHub, an online community for employees of the U.S. Department of Transportation, enables substantial virtual ideation and collaboration within the department. IdeaHub empowers employees to contribute innovative ideas and work together to develop ideas for improved agency performance and efficiency. In the past three years, the program has collected about 6,000 ideas serving as a model for how to digitally encourage innovation and ideation from within government.

Funding outcomes, whether internally in what an agency shows Congress it has accomplished or in a procurement will drive results. For example, the New York City Center for Economic Opportunity combines public and private venture funding, an avowed interest in innovation and willingness to tolerate failure to develop new approaches to reducing poverty. Its most recent initiative, "[Social Impact Bonds](#)" (SIBs), uses creative funding to purchase outcomes rather than the more traditional process of awarding funds based on a response to a highly prescriptive RFP. The first effort, an "[Adolescent Behavioral Learning Experience](#)" program, will pay for reductions in recidivism among black and Latino adolescents at the Rikers Island correctional facility. The vendor can use whichever programs it bundles together but it will be paid for results, not how much drug counseling or the amount of mental health services it provides.

## **2) Change the structures of government to incent results.**

A government that often hires by list, not skill, that promotes irrespective of managerial ability, and that almost never penalizes or terminates bad performers and rarely rewards excellence cannot expect excellence. Similarly, legislative bodies need to align agency-level incentives—good performers need more autonomy. For example, allowing agencies and their subdivisions to

retain part of any efficiency they generate changes conduct. During a meeting at which I solicited suggestions for improvements, New York City's wastewater plant operators responded, almost in unison, that the procurement rules caused bad decisions. They wanted procurement flexibility, allowing them to purchase in real time rather than observing imposed calendar deadlines and use it or lose it rules which caused them to stockpile parts well before they might be needed. In most jurisdictions, procurement stifles innovation and effectiveness. Procurement that provides flexibility, speed, encourages innovation and good bureaucratic behavior, uses the web to purchase, places everything online for maximum transparency, and utilizes analytic tools to monitor the behavior of vendors and procurement officials alike will drive maximum benefit. For the most part, public employees do what they do to serve the public. They would rather take pride in their work than lapse into waste, sloth or malingering. But that motivation is dampened when systems and supervisors ignore excellence and treat the high and low performers equally in terms of pay and promotion. Though difficult, we need to begin to identify ways, free of favoritism, that reward employees who excel and quickly, fairly and firmly discipline those who take advantage of the public with wasteful ways.

Outmoded job classifications, slow hiring, stagnant promotion, too much overhead, too little recruitment of key new talent sets and a reluctance to hold employees or agencies accountable paralyzes progress. Congressional oversight and appropriation should spend more time monitoring whether agency outcomes will produce better value.

Structural changes specifically designed to promote innovation are also key. On the municipal level, Innovation Delivery Teams have been working in Atlanta, Chicago, Louisville, Memphis, and New Orleans to increase the cities' innovation capacity and address city challenges. Another model is LAUNCH, a public-private partnership of NASA, USAID, the State Department, and NIKE working to develop innovative solutions to large-scale issues like clean drinking water. By creating innovation capacity in terms of time, information and funding, allowing new approaches and tolerating informed risk outside of the pressures of day-to-day operations, new structures will result in transformative progress.

### **3). Realign the public/private relationship.**

Competition forces all of us to be better. This concept applies equally to bureaucracies unchallenged by competition and long-term incumbent vendors. Competition pushes those involved to improve. Allowing public-private partnerships and competition translates into better services and reinvigorates public workers. A recent example came when Chicago Mayor Rahm Emanuel had city employees compete against private companies to see who could pick up recycling more efficiently.

Yet performance based contracts involve complicated work on the part of the acquisition workforce and the federal government needs to enhance the skills of those who design RFPs, moving away from prescription to purchasing innovation and results in a manner that induces fair competition. Yet this does not need to be a zero sum game. The issue no longer is whether a public service should be privatized but how to integrate the public and private pieces to provide the best value. Almost every complicated activity requires public, private and often nonprofit partnerships, clear contract deliverables, good project management and high quality oversight.

**4) Data analytics and open source transparency will reveal root causes and save money.**

Data analytics centers are now evolving into one of the most powerful drivers of public innovation, allowing predictive problem solving to be delivered to the field through decision support tools. Several governors and mayors are now actively involved in determining how to set up special initiatives dedicated to driving reforms through digital analytics. These data-driven efforts help officials target services, allowing them to both anticipate problems such as weather emergencies, and improve services like child welfare outcomes.

Data analytics can save money through fraud detection in areas such as taxation or benefit eligibility. Data can also reveal duplicative government programs and those that do not target the root causes of social problems. Outcome-oriented government also intersects with data analytics. In my first week as deputy mayor of New York, top fire department officials explained to me the futility of trying to inspect every building in the city, which led them to rethink their approach and goals. The new approach included analyzing data from the departments of buildings, health, and the police to identify structures and operators with a history of serious infractions that needed more urgent attention and remediation. The mission of reducing fire, not increasing the number of inspections, would reset the allocation of resources at NYFD.

Yet we will not recognize these benefits at the federal level without materially changing the way we operate. Truly significant discoveries occur by integrating data systems across silos. Too many agencies have their own data standards and systems, preventing the kind of analysis that reduced fire in New York City.

**5) Government needs to operate horizontally rather than vertically.**

Big governments produce inefficiency and restrict problem solving because they are organized hierarchically, with too many layers as mentioned above, but also because the vertical nature of public agencies increasingly prevents us from designing effective solutions to public problems. Citizens live in neighborhoods, not in a transportation or workforce agency. Our government frequently operates as a set of independent and disconnected entities. Real efficiencies are possible by treating government as an integrated enterprise both around priority objectives (for example, food safety) as well as support functions (IT, HR, finance etc.). Both Congress and the Executive Branch should pay more attention to managing portfolios across agencies, aligning services, reducing duplications, discovering solutions and addressing citizens with more relevance.

We need horizontal government not just in how we react to citizens but also in how agencies relate to each other. Most government officials now talk about shared services—the consolidation of functions across governments or government agencies—but few have done it broadly and correctly. As deputy mayor working to implement shared services in fleet, accounts receivable, real estate, IT and human resources, I found that each agency had what at first appeared to be a compelling reason why it should be exempted from a shared service. Coupled with not wanting to lose control was a reasonable concern that commissioners did not want their service quality hindered by a shared service monopoly over which they had no control. Yet potential savings when completed would reach a compounding \$500 million a year.

Capturing savings from shared services requires setting the bar quite high, strong executive leadership, clear customer service agreements so that participating agencies do not become prisoners of a larger bureaucracy, carefully aligned incentives including shared savings, moving quickly, and finally setting up a real market so constituent agencies can still access outside options on occasion.

The federal government obviously is a massive operation. Yet every single dollar spent by every single employee needs to drive maximum value. That requires structural and cultural changes. When I started our efficiency work some time ago in Indianapolis, I noticed how difficult it was both for my hardworking employees and the legislative branch to conceptualize a bold new way of doing business. A well-intentioned defense of the status quo crept in. Eighty managed competitions later, we had saved over \$400 million, repeatedly reduced taxes, invested over \$1B in infrastructure and produced a group of union workers who were proud of what they accomplished and pleased to be rewarded for it. It can be done in Washington, but not without new rules, new approaches and a new definition of oversight.

Chairman ISSA. Dr. Kamarck.

**STATEMENT OF ELAINE C. KAMARCK**

Ms. KAMARCK. Thank you. It's an honor to be with you today. I'd like to start by discussing my experiences in government reform.

In 1993, President Clinton and Vice President Gore asked me to run the National Performance Review, otherwise known as Reinventing Government. At the request—

Chairman ISSA. You'll notice we stole that title again today.

Ms. KAMARCK. I think it's terrific. You know what they say, is imitation is the sincerest form of flattery.

At the request of the President, the project did not end with the issuance of a report in 1993. Under the direction of the Vice President, the project continued for the two full terms of the Clinton administration. More reports were issued, but, more importantly, we tracked the implementation of every aspect of those reports. The duration of this effort makes it the longest government reform effort in modern American history.

There are many ways to measure the results. Let me start with a few statistics and then go to some of the lessons that I think are applicable today. We reduced the Federal workforce by 426,200 people, making it the smallest Federal workforce since Dwight Eisenhower was President. It was a 24 percent cut in the number of employees. We acted on more than two-thirds of the recommendations, yielding \$136 billion in savings to the taxpayer. We cut government by eliminating what wasn't needed: bloated headquarters, layers of managers, outdated field offices, obsolete red tape and rules. At one point, at the end of 1999, we had cut 78,000 managers government-wide.

We conducted a regulatory review that resulted in cuts equivalent to 640,000 pages of internal agency rules. We closed 2,000 obsolete field offices, eliminated 250 programs and agencies, among them the Tea-Tasters Board and the wool and mohair subsidies, which have simply crept back into the government, okay, showing what a hard job this is. We passed a government-wide procurement bill which led to the expanded use of credit cards for small-item purchases, saving more than \$250 million a year in processing costs.

But the Reinventing Government Initiative was not just about cuts, it was also about modernizing and improving the performance of government. In that regard, it was responsible for three revolutions in government that continue to this day, built on by subsequent administrations, both Democrats and Republicans.

The performance revolution: We initiated the Government Performance and Results Act. The Bush administration added to that by the famously acclaimed PART process, and the Obama administration has recently signed into law amendments modernizing GPRA.

The customer revolution was begun under the National Performance Review. The Bush administration continued use of customer surveys. The Obama administration has recently done an executive order on customer service.

And the innovation revolution, which was really using information technology, we had the advantage of being there at the start

of the Internet, so we could bring government online was, in fact, promoted also by the Bush administration and the Obama administration is doing some fantastic things in this area.

All of this resulted in a doubling of trust in government over the 8 years of the Clinton administration. It is the biggest, longest period of increase in that very difficult number.

So let me look at some lessons for the future. It's been 20 years since there's been a major government reform effort. You can't really fault anyone. The Bush administration had an unprecedented attack on its soil to cope with, the Obama administration had an unprecedented economic crisis. But it's time to return to the basic functioning of government and to have a look at it in the way I think that David Walker has proposed.

First of all, there's two ways to cut the government. Obviously, sequester is unacceptable because it fails to differentiate the efficient from the wasteful, the critical from the obsolete. Secondly, as the Government Transformation Initiative points out, the same problems are identified year after year and not solved. That is because there are no easy, across-the-board answers. Third, show me an inefficient, obsolete, or wasteful government practice, and I can promise you that someone in the private sector is making money off it. And that makes this process more difficult. Fourth, calculating efficiency in the government often involves a complex process of finding similar benchmarks against which we can measure efficiency. And fifth, it is the career bureaucrats, the Federal employees that Congressman Cummings talked about, who know better than anything else what works and what doesn't. A successful reform effort cannot take place without their full participation and buy-in.

We face two challenges here. We face a budget deficit which are at all-time highs, and we face a trust deficit of the American people. A serious bipartisan reform effort such as the one on the table today could do wonders for both those deficits.

Chairman ISSA. Thank you.

[Prepared statement of Ms. Kamarck follows:]

**Testimony before the Government Affairs Committee  
U.S. House of Representatives  
June 18, 2013**

**Lessons for Government Reformers  
by**

**Dr. Elaine C. Kamarck  
The Brookings Institution**

It is an honor to be with you today and to discuss my experiences in government reform. In 1993 President Clinton and Vice President Gore hired me to run the National Performance Review. This project was the result of a 1992 campaign promise by then candidate Bill Clinton to “reinvent government,” a term taken from the best-selling book “Reinventing Government” by David Osborne and Ted Gabler.

At the request of the President, this project did not end with the issuance of a report in September of 1993. Under the direction of the Vice President the project continued for the full two terms of the Clinton Administration. More reports were issued, but more importantly we tracked the implementation of every aspect of those reports. The duration of this effort (later renamed the National Partnership for Reinventing Government under my successor Morley Winograd) makes it the longest government reform effort in modern American history.

There are many ways to measure the results. Obviously there are the simple statistics. Under the leadership of President Clinton who said “The era of big government is over,” we went to work to make that a reality.

- We reduced the federal workforce by 426,200 between January 1993 and September 2000. Cuts occurred in 13 out of 14 departments making the federal government in 2000 the smallest government since Dwight D. Eisenhower was president.<sup>1</sup>

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<sup>1</sup> This number does not count temporary workers hired to conduct the 2000 Census.

- We acted on more than 2/3 of NPR regulations, yielding \$136 billion in savings to the taxpayer.
- We cut government the right way by eliminating what wasn't needed – bloated headquarters, layers of managers, outdated field offices, obsolete red tape and rules. For example, we had cut 78,000 managers government-wide and some layers by late 1999.
- We conducted a regulatory review that resulted in cuts equivalent to 640,000 pages of internal agency rules.
- We closed nearly 2,000 obsolete field offices and eliminated 250 programs and agencies, like the Tea-Tasters Board, the Bureau of Mines, and wool and mohair subsidies. (Some of which have crept back into the government.)
- We passed a government-wide procurement reform bill which led to the expanded use of credit cards for small item purchases, saving about \$250 million a year in processing costs.

But the reinventing government movement was not just about cuts, it was also about modernizing and improving the performance of government. In that regard the movement was responsible for starting three revolutions in government that continue to this day, built upon by succeeding Administrations. They are:

- The Performance Revolution
- The Customer Revolution
- The Innovation Revolution

### *The Performance Revolution*

On August 3, 1993, President Bill Clinton signed the Government Performance and Result Act into law. GPRA provided the foundation for strengthening agency efforts to use strategic planning and performance measurement to improve results. On signing the bill, President Clinton said:

“The law simply requires that we chart a course for every endeavor that we take the people’s money for, see how well we are progressing, tell the public how well we are doing, stop the things that don’t work, and never stop improving the things that we think are worth investing in.” The cornerstone of federal efforts to fulfill current and future demands was to develop a clear sense of results an agency wants to achieve, as opposed to focusing on the outputs (products and services) it produces and the processes it uses to produce them.

Adopting a performance-orientation required a cultural transformation for many agencies, as it entailed a new way of thinking and doing business. GPRA required federal agencies – for the first time ever – to prepare a strategic plan that defined an agency’s mission and long-term goals. Then agencies were required to develop an annual performance plan, containing specific targets, and then annual reports comparing annual performance to the target set in the annual plans. The Results Act included an extended schedule for implementation for its various components. Pilot projects on strategic planning and performance measurement were part of the initial learning phase in 1994, 1995, and 1996. The Act required agencies to submit their first strategic plans to Congress and the public on September 30, 1997.

Beginning in 1994, twenty-eight departments and agencies began a test run of GPRA through over 70 pilot projects for annual performance plans and reports. Full-scale implementation of GPRA occurred in FY 1999. By August of that year, according to a GAO report, Federal agencies were improving their ability to set goals and measures for their operations. But agencies were still struggling at explaining how they would reach their goals and verify their results. In a report released by three key Capitol Hill Republicans, GAO gave good marks to the Transportation Department, Labor Department, General Services Administration, and Social Security Administration for developing performance plans that explain what the agency plans to accomplish in fiscal year 2000. In March 2000, agencies released their first performance reports, which said whether they met their goals for fiscal 1999.

Since then, GPRA has expanded and thrived, unlike prior budget-related reforms such as Zero-Based Budgeting, which enjoyed a brief moment in the sun during the Carter Administration and was ultimately abandoned. During the Bush Administration OMB expanded upon the GPRA model by implementing a program-level assessment of performance, called the Program Assessment Rating Tool (PART), that ultimately assessed the performance of over 1,000 federal programs. Amendments to

GPRA were passed in 2010 and signed into law by President Obama, that put into statute many of the successful administrative practices developed since 1993 that supplemented the statutory requirements. This seems to be an indication of the staying power of this particular reform.

But the performance revolution did not end with passage of GPRA. The NPR experimented with other strategies geared towards creating a performance culture in the federal government. In 1996 Vice President Gore built on his work implementing GPRA by pledging to create performance-based organizations (PBOs) that would “toss out the restrictive rules that keep them from doing business like a business.” A PBO was a government program, office or other discrete management unit with strong incentives to manage for results. The organization committed to specific measureable goals with targets for improved performance. In exchange, the PBO was allowed more flexibility to manage its personnel, procurement, and other services. Three PBOs were ultimately created: FAA’s Air Traffic Operations, the Patent and Trademark Office, and the Student Financial Assistance program. The performance of each of these programs improved over time, but in each case the parent departments limited the administrative flexibilities they had originally been granted.

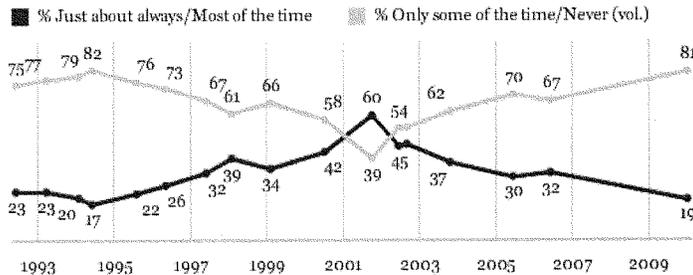
To build leaders’ commitment and help ensure that managing for results became the standard way of doing business, some agencies used performance agreements to define accountability for specific goals, monitor progress, and evaluate results. Performance agreements ensured that day-to-day activities were targeted, and that the proper mix of program strategies and budget and human capital resources were in place to meet organizational goals. NPR worked with OMB and White House staffs to develop performance agreements between major agency heads and cabinet secretaries, and the President. As of the end of 1995, the heads of 8 of the 24 largest agencies had piloted the signing of performance agreements with the President- something never before done. OMB and NPR coordinated the development of additional agreements in 1996. While the use of presidential-secretarial level performance agreements faded, the legacy of creating a personal, rather than an institutional, commitment to performance was enshrined into the 2010 GPRA amendments with agency and cross-agency goal leaders being named and having a personal commitment to achieve the stipulated goal.

In January 1998, the Vice President asked the leaders of 32 “high impact agencies” to develop a handful of measurable goals that could be achieved over the next three years. High impact agencies were agencies that have the most interaction with the public and businesses, constituting

ninety percent of the federal government's contact with the public. About 1.1 million of the federal government's 1.8 million civilian employees worked in these agencies. NPR helped these agencies set and meet "stretch" customer service goals built on the Government Performance and Results Act plans. They included IRS, the Food and Drug Administration, and the Social Security Administration. The objectives were included in OMB reviews of the agency budgets in order to help determine which programs were working and which had no impact on results. In addition, in 2000, those Senior Executive Service employees who worked in high impact agencies and who had responsibility for achieving one or more of the goals, were provided the opportunity to win annual bonuses based on their achievement of these goals, and improvements in customer satisfaction and employee involvement.

It is believed that this improvement contributed to an increase in citizen trust in the operation of the federal government in the late 1990s, with citizen trust doubling in that period.

*How much of the time do you think you can trust government in Washington to do what is right -- just about always, most of the time, or only some of the time?*



(vol.) = Volunteered response

GALLUP

Source: Gallup, "Trust in Government: Historical Trends"

(<http://www.gallup.com/poll/5392/trust-government.aspx>)

### ***The Customer Revolution***

The Federal Government's first ever customer service recommendations focused only on three agencies: IRS, Social Security,

and the Postal Service. But the report also recommended a government-wide initiative.

After the first report was released on September 7, 1993, President Clinton began signing a series of government-wide executive orders to implement various recommendations in the report. The second executive order he signed was on Setting Customer Service Standards (the first was to cut red tape). The new executive order required all federal agencies to identify their customers and survey them to: “determine the kind and quality of services they want and their level of satisfaction with existing services,” within six months. And six months after that, agencies were to develop customer service plans and standards, and plan for future surveys.

Agencies initially hesitated, especially those with law enforcement or regulatory functions, but creating a customer service ethos in the federal government became an enduring theme of the Reinvention efforts of the Clinton-Gore Administration and served as a touchstone for the duration of the Administration.

The reason the president and vice president felt so strongly about this was their concern that Americans’ trust in the federal government had fallen dramatically and they believed that restoring trust was important to a vital democracy. Studies showed that citizens’ trust was closely linked to their perceptions about their personal interactions with government, hence the emphasis on customer service. In fact, when Clinton took office in 1993, citizen trust was at a record low of 21 percent. By the end of the Clinton administration in 2001, that level had doubled to 44 percent.

Agencies developed standards during the course of 1994 with the support of the President’s Management Council, which was comprised primarily of the deputy secretaries from the departments. The first standards report was issued in September 1994 and contained 1,500 standards across 100 agencies. This report was updated annually through 1997, when that report contained over 4,000 standards for 570 different federal organizations.

The message of “putting customers first” was conveyed to the rank-and-file staff across the government using a wide range of methods. It was one of the key criteria for Vice President Gore’s Hammer Award, given to teams of federal employees for reinventing their operations. It was also a key element of many Reinvention Labs, where teams of employees could pilot new innovations. The Vice

President frequently held events around customer service initiatives in agencies and agency heads, such as Social Security's Commissioner Shirley Chater, would be "mystery shoppers," testing out their agencies' phone call centers.

The Reinvention staff led a series of other activities and initiatives to support agency customer service initiatives, including:

- Sponsorship of cross agency best practices guides on topics such as world-class courtesy, 1-800 phone centers, and customer complaint resolution.
- Integration of customer service standards into agency performance measurement initiatives.
- Designation of "hassle-free" communities and "one-stop" websites for students, business, recreation, and a government-wide site, now called USA.gov.
- The designation in 1997 of 32 "High Impact Agencies" which have the most direct interaction with the public – such as the IRS and Park Service – and their development of customer service initiatives that would make a noticeable difference to the public.
- The 1998 "Conversations with America" presidential directive, where agencies were directed to engage directly with their customers in conversations around the country on ways to improve customer service.

After 1997, the reinvention efforts shifted emphasis from developing and measuring progress against agency-determined standards to a greater use of customer feedback surveys such as the American Customer Satisfaction Index. The ACSI is a survey used by most of the nation's leading corporations. And for the first time ever it was given to customers from over 100 federal services, such as the Postal Service and IRS. The results showed that some agencies which gave out benefits, not surprisingly, got higher customer satisfaction marks than many private sector companies. But other agencies whose purpose was to regulate their customers fared less well. Still, the insights from the surveys allowed all agencies to change the way they went about doing their job to make it more acceptable to those they served.

Perhaps the best example of this change in strategy was the huge push to get citizens to file their taxes electronically, after the IRS learned

from their ACSI results that those who did so had a much higher level of satisfaction than those who filed their returns on paper. Today it is a commonplace experience. Fifteen years ago it was revolutionary. Customer surveys, it was believed, would be less likely to result in lower standards, which agencies might be tempted to set in order to be judged as successful. This was based on observations of the British Citizens Charter movement, which saw agency standards steadily decline over the previous decade.

The George W. Bush Administration did not actively pursue a customer service initiative, but it did not repeal the Clinton directives and it allowed the continuation of the ACSI surveys in agencies. And in 2007, Congressman Henry Cuellar proposed legislation to mandate the creation of customer service standards and link them to employee performance appraisals. It passed the House in two Congresses, but failed in the Senate. At the request of the Senate, the Government Accountability Office examined federal customer service initiatives in 2010 and concluded that including customer service standards as a part of federal employee performance assessments “is an important factor in assessing employee performance,” but that this needs to be done in ways that are appropriate. Congressman Cuellar has reintroduced a bill in the current Congress.

Separately, President Obama sought to reinvigorate customer service efforts via an April 2011 executive order, which directed agencies to develop new customer service plans within six months and to undertake at least one signature initiative using technology to “improve the customer experience.” Agencies have posted their customer service plans and they are being implemented.

### ***The Innovation Revolution***

The 1993 Report of the National Performance Review ushered in an era of reinvention, modernization and innovation. The approach to innovation was twofold. It assumed that the employees of the federal government who did the day-to-day work of the government were the ones best able to bring forth ideas for improving performance and cutting costs and that they needed permission and encouragement to change the culture from complacency to innovation. It also sought to

bring the information technology revolution that was affecting so many different parts of American society into the operations of government.

In order to create a culture of innovation, the NPR initiated several new programs. Agencies and offices were encouraged to apply to become "reinvention laboratories." Once designated a "reinvention lab" the agency was encouraged, with the help of the NPR staff, to try new ways of doing business. With the backing of the White House, the reinvention labs were encouraged to think outside the box and not be afraid to fail.

A second project geared towards stimulating innovation was an award program known as the "hammer awards." The "hammer" in the award referred to the mythical \$700 hammer that the Pentagon had bought and that captured, in the public's mind, everything that was wrong with government. And so the NPR team created the hammer award for those federal employees who did exactly what the public thought they couldn't do –tear down something that wasn't working and build something better. In and of themselves these awards were not very fancy. The hammer award consisted of a cheap hammer, tied with a red ribbon and mounted on a blue velvet back background that contained a card from Vice President Al Gore that read "Thanks for creating a government that works better and costs less." The awards were publicized throughout the federal system and they achieved their goal of encouraging others to innovate as well. They can still be found hanging proudly in federal offices throughout the country and many re-inventors still wear the little lapel hammer pin they got for participating in an award winning project.

The third program designed to facilitate innovation was the formation of The National Partnership Council. This was a high level group geared towards moving the federal government and its unions away from overly legalistic and adversarial bargaining and towards a more cooperative relationship. Only by working with unions and with employees could the culture change in the direction of more innovation.

The second major portion of the innovation revolution was to bring the new information technology that was transforming American society into the public sector. When the National Performance Review was formed few Americans knew about the Internet. President Clinton liked to say that when he was inaugurated there were only 50 sites on the world wide web, which was a term just becoming popular. No one "Googled" anything, the term wasn't even in use. But the Vice President,

who, as a Senator had taken the Internet out of the military sphere, and written the legislation that allowed it to become a private sector tool, had a vision for how the Internet could change government.

Under the leadership of NPR, the federal government entered the Internet Age. In 1997 the NPR published *Access America: Reengineering Through Information Technology*. In an age when less than 25% percent of the public was online, this report summarized what was to come. The Internet would be used to bring information to the public “on its terms.” Information technology made it possible to begin implementation of a nationwide electronic benefits transfer program, to integrate information in the criminal justice community and to provide simplified employer tax filing and reporting. It also began the integration of government information through the creation of firstgov.gov – the federal government’s first, comprehensive web portal, launched in 2000.

Today it is called USA.gov, but its purpose is the same – to offer citizens one stop access to government information. As the Internet evolved, the goal was able to move from access to information to actual transactions. Today the majority of Americans pay their federal taxes online and conduct many other transactions at the federal, state and local level online as well. Thanks to the dedicated efforts of many original NPR staffers who continued to work on this project through the Bush administration and then in the Obama White House, the federal government is no longer an institution looking from the outside in at IT innovation, but instead plays a key role in breaking down barriers between government and its citizens everywhere.

### ***Lessons for future government reform efforts.***

It has been twenty years since there has been a major reform undertaking by the U.S. federal government. This is no one’s fault. The Bush Administration had to cope with an unprecedented attack on American soil and a subsequent war; the Obama Administration had to cope with an economic emergency unparalleled since the Great Depression. Neither Administration can be blamed for not making government reform a central focus.

Now, however, as we (hopefully) return to a more normal time, these two emergencies have left us with a huge national debt while, at

the same time, our elderly population and our entitlement budget is exploding. The time has come to take a new and comprehensive look at the operations of the Federal Government with an eye towards reducing that debt and improving efficiency. So here are a few reflections from my experience in the White House in the 1990s and my experience at Harvard University where I was on the faculty studying and teaching these issues.

**First**, there are two ways to cut the government. One takes an across the board approach, as the sequester does. It assumes that all government is created equal. In that approach there is no attempt to differentiate efficient from wasteful; critical from obsolete. This is, obviously, the politically easy approach but not the substantively most valuable approach. Second, is the way we did this in the 1990s. We recruited a staff of experienced civil servants to help us understand where the government was going wrong and where it needed help. As a result we focused on government wide policies like procurement and we also focused on problems within individual departments and agencies.

**Second**, as the Government Transformation Initiative points out, the same "problems" are identified year after year and never solved. The reason is that each one has to be considered on its own. There are no easy solutions. For instance, this is why "reorganization authority" is not the answer. Often programs that appear to be doing the same thing are actually not. Furthermore everyone has different authorizing statutes that would need harmonization along with reorganization. The bottom line is that some "stupid government" stories are actually not stupid and some are. It takes a careful in-depth approach to separate the two.

**Third**. Show me an inefficient, obsolete or wasteful government practice or program and I can promise you that someone in the private sector is making money off of it. Not surprisingly, people who make money from government ineptness are loath to see it end. The case is never presented that way but a strong counter-force is needed to overcome special interest pleading.

**Fourth.** Calculating efficiency in the government often involves a complex process of finding similar private sector “bench-marks” against which we can measure government efficiency. Again, the story is complex and often obscured by the large numbers of dollars the federal government deals in. For instance, the amount of fraudulent Social Security retirement checks paid to seniors in any given year is likely to be a number that seems enormous to the American people. But at payments of \$821 billion per year in old age and retirement insurance, small amounts of fraud result in staggering amounts of dollars. Thus the calculation of waste, fraud and abuse needs to be made in the context of similar processes in the private sector.

**Fifth.** It is career bureaucrats who know, better than anyone else, what works and what doesn't. A successful reform effort cannot take place without their wisdom and without their participation. As with any workplace the federal workplace is composed of a wide variety of character and talent. For every civil servant who ties up citizens in red tape and doesn't seem to work very hard, there are many more civil servants who work overtime making sure that our soldiers' families get what they need or who makes less money than they could in the private sector to make sure we are funding essential medical research. We need to reward the civil servants who produce for their fellow citizens. In addition, the federal government consists of a whole lot of very good people caught in a whole bunch of very crazy systems. Of course, at the time, each rule was created it made sense, solved a problem, and worked in the public interest. But over time the accretion of rules and regulations ends up costing us money and frustrating the public.

***Conclusion:***

It has been twenty years since there has been an across the board analysis of government reform. Much of what we did back then in the Clinton Administration is standard operating procedure now in the government. It is time, however, for a new burst of creativity. We face two challenges: the budget deficit is at an all time high and the trust deficit of the American people is at an all time low. A serious bi-partisan reform effort could do wonders for both deficits.

Chairman ISSA. Mr. Chenok.

**STATEMENT OF DANIEL J. CHENOK**

Mr. CHENOK. Good morning, Chairman Issa, Ranking Member Cummings, and distinguished members of the committee. I am pleased to have the opportunity to testify before you about reinventing government and to support transformation that works for citizens, businesses, and government employees.

I'd like to thank the committee for its leadership on these efforts over the years. My past work experience at the Office of Management and Budget, where I spent over 13 years as a Federal employee, intersected closely with the efforts of this committee, especially during my last 5 years, where I served as the leader of OMBs Information Policy and Technology Office at the end of the Reinventing Government Initiative, as well as prior to and during the passage of the E-Government Act and FISMA in 2002.

I'm currently the executive director of the IBM Center for the Business of Government. The center sponsors independent studies and presents in-depth reports about public managers and Federal employees who are leading the way to positive change in the way that government performs.

Government transformation is always a challenge given existing structures. An entity dedicated to bringing real and positive change to the public sector, such as the Government Transformation Initiative's proposed commission, may be an effective means of achieving these results. My testimony today will focus on specific substantive areas that could pave the way for sustained transformation in government.

First, it's important to recognize that numerous fiscal, technological, and social forces are bringing unprecedented complexity to government, leading to a set of pressures unlike any combination of factors that we've seen in the past. Our center will soon issue a call for research into practical ideas for transforming government to achieve better mission and program goals in this environment.

These ideas fall into six drivers for change. First, developing cost-saving strategies and improve efficiency and effectiveness. Second, fostering innovation and transformation, such as incorporating a new technology into an agency's daily operations to improve services. Third, aligning mission support with mission delivery so that chief financial and information officers and others can better integrate with programs to achieve results. Fourth, making best use of performance and results management by using performance information to drive decisions in addition to tracking progress. Fifth, managing risk in a rapidly changing world so that government can understand and communicate risks in much the same way that companies do. And sixth, developing new models of public leadership within and across agencies whereby leaders work together to achieve change and gain buy-in across organizational lines.

Individually, research into each of these six areas will provide important knowledge about what tools and approaches work best. Collectively, they can point to changes across a broad array of functions that can help government keep pace.

Indeed, government transformation does not usually happen by getting one thing right; rather, it happens because committed

teams of managers and employees, often working with the non-profit and commercial worlds that support government, put together an effective, responsive, and multifaceted change strategy.

I would now like to discuss a number of areas where transformation strategies can lead to real efficiencies for government.

The first area emerges from our center's 2010 report, "Strategies to Cut Costs and Improve Performance," which identified leading commercial practices that could be applied in the Federal Government. My colleague from the IBM Center, John Kamensky, testified before this committee in February about how our research pointed to different paths for transforming, which are described in my written testimony.

The second area comes from a new Center report, "Fast Government: Accelerating Service Quality While Reducing Cost and Time." "Fast Government" addresses different strategies and tools that can help achieve change quickly and cost effectively by focusing on how the element of time can bring value to the public sector. "Fast Government" covers a variety of approaches to speed up government while also improving services, which are detailed in my testimony and include accelerating the delivery of government programs by requiring fewer process steps, such as moving from 10 signatures to 3; finding new ways to perform a given set of tasks more quickly, such as moving from an assembly-line approach to a parallel process; creating interactive services so that citizens can solve their own problems, such as creating a self-service Web site; and using predictive analytics to reduce or eliminate entire processes, such as reducing improper payments in the first place, rather than spending time to recoup payments.

At the heart of any effort to make government work faster will be a focus on three variables: people, process, and technology. Perhaps the most important of these is the human factor because it's people that make government processes run. One of the key elements in implementing "Fast Government" is ensuring that employees have the skills and capabilities to succeed.

Thank you, Chairman Issa, Ranking Member Cummings, and members the committee. I look forward to the opportunity to answer your questions about this important topic and the potential for a commission in moving it forward.

Chairman ISSA. Thank you.

[Prepared statement of Daniel J. Chenok follows:]

**Statement of  
Daniel J. Chenok  
Executive Director  
IBM Center for The Business of Government**

**before the**

**Committee on Oversight and Government Reform  
U.S. House of Representatives**

**June 18, 2013**

*Hearing on "Reinventing Government"*

Good afternoon, Mr. Chairman and Members of the Committee:

I am pleased to have the opportunity to testify before the Committee on government transformation.

I would like to thank the Committee for its leadership on these efforts over the years. My past work experience at the Office of Management and Budget, where I spent over 13 years as a Federal employee and four years as part of the Senior Executive Service, and as the Chair of the Federal Advisory Committee chartered under FISMA to advise the Administration and report to Congress on security and privacy issues, intersected closely with the efforts of this Committee.

I am currently the Executive Director of the IBM Center for The Business of Government. The Center connects public management research with practice. Since 1998, we have helped public sector executives improve the effectiveness of government with practical ideas and original thinking. We sponsor independent research by leading experts in academe and the nonprofit sector, and host a weekly radio show "The Business of Government Hour" which presents in-depth stories on government executives and public managers who are changing the way government does its business.

My testimony will focus on how addressing the challenges that face government today can be a springboard for transformational change going forward, as well as what approaches can best achieve positive outcomes from transformation. None of these ideas will be easily implemented; government transformation is always a challenge given existing structures that are rooted in legal, policy, cultural, and budget pressures, just to name a few.

It is because of these pressures that an entity dedicated to bringing real and positive change to the public sector – like the Government Transformation Commission you are considering at today’s hearing – may be an effective means of achieving the results that I and the other witnesses will discuss.

Today I will focus on specific substantive areas on which a Commission, or similar process or organization, could focus in order to pave the way for sustained transformation in government.

### **Current Challenges Can Create Long-Term Opportunities**

Numerous forces are converging on government, leading to a set of pressures unlike any combination of factors we’ve seen in the past. These pressures include:

- Significant fiscal constraints that are predicted to grow larger over time, given long term deficit projections.
- A citizenry that increasingly demands online, real-time service and improved performance, even in the face of austerity, and is used to taking its business elsewhere when providers don’t respond well to that demand.
- A set of social interactions over the internet that create coalitions of influence with far greater reach than ever before.
- The always-on, 24-hour information cycle that can turn small issues into large ones in seconds.
- The pace of technology and innovation that is increasing each year, in contrast to the relatively deliberate pace of government action.

Many of these factors have influenced headlines — as well as the attention of government executives — over the past year. They will likely continue to do so for the foreseeable future. While cost savings and day-to-day actions will be important in the near term, such considerations are only one part of a management improvement agenda that can transform how government operates. Public managers will have to turn to other strategies to transform.

Indeed, given these and similar pressures, leaders and managers across the public sector face unprecedented complexity in reaching their mission and program goals. The Center for The Business of Government has met with dozens of leaders about how best to meet this challenge over the past six months. We will soon issue a call for research into practical ideas for transforming government in the world that we see today, and will likely see for years to come.

These ideas fall into six drivers for change.

- **Developing Cost Savings Strategies That Improve Efficiency and Effectiveness.** Fiscal austerity will be an enduring challenge for public managers for the foreseeable future, but it can also create an environment and incentives to rethink traditional approaches to mission support and service delivery. Public managers can harness major technological shifts and adapt proven, public sector and commercial best practices to make their agencies both more efficient and productive, and to conduct operations and provide services with greater speed.

This may be the most visible near term benefit of transformation in government, and I will further elaborate on this topic in the latter portion of this testimony.

- **Fostering Innovation and Transformation.** Innovation can be viewed as new ideas, or current thinking applied in fundamentally different ways, resulting in significant change in operating models, business processes, or products and services. Transformation refers to broader, and more systemic, changes within an organization. Both innovation and transformation initiatives rely on the use of a set of processes, tools, and culture. Which innovation models lead to true transformation is still unclear, and measures of what constitutes success have yet to be well-defined.
- **Aligning Mission Support with Mission Delivery.** Agency missions cannot be delivered without mission-support functions such as human resources, acquisition, information technology, and financial management. Over the past 25 years, these mission-support functions have been professionalized and oftentimes centralized, with their leaders often referred to as “chiefs” -- including Chief Financial Officers, Information Officers (CIOs), Technology Officers (CTOs), Acquisition Officers (CAOs), Human Capital Officers (CHCOs), Performance Improvement Officers (PIOs), and others -- and having statutory compliance, policy implementation, service delivery, and strategic advisory roles. Effective mission-delivery leaders can leverage the investment and infrastructure of the various mission-support functions to deliver mission results and improve program efficiencies; effective practices by the various “chiefs” in the public and private sectors can foster improved mission performance.
- **Making the Best Use of Performance and Results Management.** The federal government has placed sustained attention on improving performance and results for more than two decades. Its strategies have evolved from a focus on agencies and developing a supply of performance information, to a point where today the emphasis is more on selected goals and the effective use of data to inform real-time decision-making. New laws, technologies, and techniques make this possible, but the frontier still seems to be finding ways to integrate performance management into the culture of government, within—and, increasingly, across—agencies. Information about performance and results can be truly impactful in driving agencies toward programs and activities with greatest net benefit.
- **Managing Risk in a Rapidly Changing World.** Managing risk in the public sphere increasingly takes on new dimensions. These extend from national security risks, to economic risks from natural disasters, to budget and program risks, to privacy risk. Understanding the spectrum of different kinds of risks, developing strategies and tools to mitigate them—as well as incorporating them into decisionmaking—and developing strategies for communicating risks to appropriate target populations, will be a growing challenge for public managers in years to come.

■ **Developing New Models of Public Leadership Within and Across Agencies.**

Governments today face serious, sometimes seemingly intractable public management issues that go to the core of effective governance and leadership. These issues test the very form, structure, and capacity required to meet problems head-on. As a result, government leaders find it necessary to go beyond established parameters and institutional strictures, working across organizational boundaries in pursuit of multi-layered, networked approaches that are tailored to a specific challenge --often through “shared leadership” models. Since complex challenges confront people with the unknown and unpredictable, they also demand a different style of leadership—one that shapes vision and fosters alignment and commitment through collaborative action.

Individually, research into each of these areas will provide important knowledge about what tools and approaches works best for government managers. Collectively, they can point a pathway to making changes across a broad array of functions that can help the public sector keep pace with economic, technological, and citizen trends.

To illustrate this connection, consider an example of an entrepreneurial government leader who has taken a on a program that works across agencies to provide information and services, moving away from paper and toward the internet as the means. Innovation can point to the art of the possible, both in terms of performance outcomes and a more effective and efficient way to achieve those outcomes; the leader faces various risks (financial, security, legal/compliance) in making changes to the program that result from innovation, but can work with their CFO, CIO, acquisition, HR, and other functional partners to develop a risk framework that complies with government requirements; and a collaborative approach across agencies can foster shared incentives to best serve the citizen.

Government transformation does not usually happen by getting one thing right. Rather, it happens because committed teams within agencies, often working with the non-profit and commercial worlds that support government, put together a change strategy that starts with understanding mission objectives, and proceeds with a plan that drawn on multiple disciplines and reacts quickly to new conditions. This combination of factors is not easy to achieve given the day-to-day realities that command government attention, and an independent Commission or similar process may be a powerful influence in overcoming this challenge.

**Strategies for Improving Efficiency and Effectiveness: Paths for Transforming Back Office Operations**

As promised, I would like to discuss in greater detail a number of areas where, based on work done by the Center for The Business of Government, transformation can lead to real cost savings for government, which may help to fill out the roadmap for a Commission or similar process.

The first area emerges from the Center produced a report, *Strategies to Cut Costs and Improve Performance*, identifying leading commercial practices that, if applied in the federal government, could contribute to up to \$1 trillion in reduced costs of federal operations over a ten-year period; these findings were echoed in a related report from the Technology CEO Council, *One Trillion Reasons*.

My colleague from the IBM Center, John Kamensky, testified before this Committee in February in detail about how this research pointed to opportunities to transform government in seven different areas. I would like to echo today a basic premise from that hearing: mission-support costs in government – for enterprise activities such as personnel, contracting, and supply chain management – historically average about 30 percent of total operating costs. In the private sector, these costs typically average about 15 percent. While the precise numbers may not compare well, they do suggest that changing the way mission-support functions are operated to reflect best practices in the private sector may provide opportunities to transform government operations in the back office, and save significant costs going forward.

Our report identified seven strategies where government can transform its mission support functions by leveraging commercial best practices:

1. Consolidate IT Infrastructure
2. Streamline Government Supply Chains
3. Reduce Energy Use
4. Move to Shared Services
5. Apply Advanced Business Analytics
6. Reduce Field Operations and Move to Electronic Self Service
7. Monetize the Government's Assets

The Obama administration has already begun taking action on IT consolidation and best practice, shared services, and improper payment reduction. There are specific steps that could be taken in those and the other areas to reap the benefits of these actions in terms of savings, which could be counted within the budget; this would require that Congress and the Administration work together to determine where the savings can be realized, allocating the savings in budget and legislation across discretionary and mandatory programs, and reducing funding ceilings for those programs based on the expected savings. Indeed, to the extent that Federal agencies can work together to implement these management reforms and realize the savings accordingly, leveraging private sector best practices can also make significant inroads in helping to reduce fiscal pressures.

**Strategies for Efficiency and Effectiveness: Fast Government – A Way to Measure and Incent Change that Leads to Effective and Rapid Services for Citizens**

A new Center for The Business of Government report, *Fast Government: Accelerating Service Quality While Reducing Cost and Time*, edited by IBM managing partner Charles Prow, shows how leveraging different strategies and tools can help government achieve change quickly and cost-effectively – a key success factor in today's world.

Fast Government can be a useful guide for federal executives eager to achieve transformation by streamlining and improving performance in their program areas.

As Mr. Prow writes in his introduction, Fast Government examines the role of time in the bring value to the public sector, and focuses on process innovation, disruptive technologies, predictive analytics, and other ways that leaders can make government processes work faster. Public-sector agencies can begin to fundamentally transform their processes through a focus on cycle time reduction and elimination of non-value added activities.

“Fast government” includes a variety of approaches:

- Making time a key performance metric in government efficiency and effectiveness initiatives.
- Using technology and leveraging innovation to automate repetitive tasks.
- Accelerating the delivery of government goods and services through process innovation that redesigns business processes to require fewer steps (such as moving from 10 signatures to three).
- Finding new ways to perform a given set of tasks more quickly (such as through the use of Lean Six Sigma to move from an assembly-line approach to a parallel process).
- Creating interactive services for citizens so they can solve their own problems, rather than having to ask the government for information and help (such as creating a website rather than sending out information).
- Using predictive analytics to reduce or eliminate entire processes (such as preventing improper payments from being made, thus reducing the need for resources to investigate and reclaim payments).

The tools at our disposal to reduce cycle times will be familiar to any student of government transformation efforts over the past several decades. At the heart of any effort to make government work faster will be a focus on three variables, people, process, and technology:

- **People.** People make government processes run. The most amazing technology in the world will not reduce cycle times and improve performance if the people who manage and support the processes imbedded in the technology do not know how to use the new systems or do not support their adoption. Stories are legion about employees who created manual workarounds rather than adopt new technologies—and about improvement initiatives that failed to deliver the predicted results because of resistance by employees. So one of the key elements in implementing fast government approaches is ensuring employees are provided the skills and capabilities to succeed, so they can see processes from end-to-end from the perspective of time and value.

Leaders must also share this perspective with employees so they too can see how their team contributes or connects to the efforts of others.

- **Process.** There are great examples of the power of fast government inside the processes of the federal government in areas such as claims and payment, supply chain, and emergency/disaster response. There are also great examples in the commercial sectors. The best practices, gleaned from these public- and private-sector examples of organizational processes, provide clear lessons in how to increase mission effectiveness at a lower price point, by making the variable of time the central governing factor in that transformational activity.
- **Technology.** When used appropriately, technology can streamline operations and allow employees to shift from a focus on transactional processes to strategic insight and customer service. It can also be used strategically to analyze service patterns to identify wasteful processes that can be streamlined and reduce time and costs, such as in grant application processes. Increasingly, analytics are being used in government agencies to predict and prevent problems that can lead to costly wastes of time as well, such as identifying improper payments in advance of making the payment and stopping them.

**Make Time a Key Performance Metric.** If managers include time as a key performance metric, they will look differently at their operations, and will be continually challenging employees to find ways to reengineer processes to remove tasks that do not add value to the customer of the service.

Former OMB executive Robert Shea notes in *Fast Government* that several initiatives in the Bush Administration set goals that used time as the driving performance metric, and that this focus changed thinking and behaviors. For example, agencies had previously been required to submit their audited financial statements six months after the end of a fiscal year. But when OMB set a goal of submitting them six weeks after the end of the fiscal year, agencies had to completely rethink their processes, not just speed them up incrementally.

**Strategies for Fast Government.** An important strategy for cutting time and improving services and quality is to have a high degree of employee engagement. This involves two elements. First, employees need to see that they have the ability to make a difference. This includes having fewer constraints from above on how work gets done, but—as former OMB and White House executive Frank Reeder notes—they must still focus on protecting against risks that can arise with increasing speed.

**Tools for Fast Government.** In addition to putting the right strategies in place, there are a number of tools that can be used to speed government initiatives. One tool is the use of deadlines. Former chair of the Recovery Accountability and Transparency Board Earl Devaney says that in his more than forty years of government service, the statutory requirement that he create the Board and set up two money-tracking websites within six months was “when I got my first big dose of Fast Government.”

He said he met the deadlines, but it was by leveraging cutting-edge technology and analytic techniques that were adapted from the intelligence community. As a result, he was able to track the spending patterns of \$840 billion in Recovery Act monies and use predictive techniques to prevent waste and fraud. And even as time went on, his team was able to speed its analyses, reducing the time it took to identify questionable spending from five days to under five hours.

Other technology tools are also making it possible to rethink how government can deliver faster. For example, Tom Suder -- a commercial sector executive and co-chairman of the Advanced Mobility Working Group with the American Council for Technology and Industry Advisory Council -- sees that the intersection of mobile technology and open data initiatives can speed both government operations and public services. Suder notes that when the National Agricultural Statistics Service moved from paper-based surveys to the use of iPads to collect data, they not only sped the release of their data, but also saved \$3 million.

**Tackling Red Tape.** While some plea for a reduction in red tape as an element of transformation, this may be a wrong emphasis for government, where process (i.e., red tape) is often associated with a safeguard, not a barrier. Many procedural constraints are intended to remove risk from a process or program; in those cases, it may be appropriate to reconsider emphases in order to speed delivery.

Setting time as a priority means government needs to be willing to rethink existing constraints and processes. If government managers focus on strategies and tools that support time as a metric to manage, then the speed becomes another tool to improve program delivery in a way that government managers can address. As Mr. Devaney noted in reference to his Recovery Board work, this requires a shift in paradigm.

### **Conclusion**

The world around us is demanding better, faster and cheaper service in every interaction, bolstered by the advent of new technologies that foster such change but constrained by fewer resources to implement change. The citizens who are served by government can quickly move to another option, or can report on things that propagate across the globe in real time. Government leaders and their employees who are looking to solve problems in this environment must develop a strategy and action plan that can bring multiple positive tools of change to the fore, in ways that can best be integrated to produce real and lasting transformation. A Commission devoted to government transformation that is dedicated to this proposition, or similar process or organization, may be highly effective in generating such results.

Chairman ISSA. Mr. Cox.

**STATEMENT OF J. DAVID COX**

Mr. COX. Mr. Chairman and members of the committee, thank you for the opportunity to testify today. I believe that the GTI coalition's proposal to appoint seven unaccountable wise men and women to take over much of the role of Congress is unwise, and I urge you to stop it in its tracks.

All of us believe in democracy and apolitical management of government. In that context, the notion envisioned by GTI of investing enormous power in the hands of seven unelected individuals is offensive. GTI claims its commission would be above politics and would dispassionately analyze the government for efficiency, effectiveness, and redundancies. But we know these assurances are nonsense. It would be the commission behind closed doors where the powerful reign supreme and the interests of many are ignored. Commissioners would be lobbied intensely by special interests, including the corporate sponsors of the GTI coalition members with vested interest in expansion of contracting out. The only role for elected officials, those operating in the light of day and subject to accountability from a broader constituency, would be a quick thumbs up or down on a law that might completely remake our Nation's government.

Further, we know that in spite of GTIs assurances, the commission's agenda would involve fewer rights for Federal employees, fewer safeguards to protect government from political interference, more costly and unaccountable outsourcing, and lower quality and quantity of services provided to the public.

One point cannot be emphasized strongly enough: Sequestration, furloughs, RIFs, pay freezes, spending caps, personnel ceilings, hiring freeze are all the direct result of the campaign by some of the same groups now pushing the formation of this commission to make Americans believe that deficit spending during a recession with persistent high unemployment is worse than high unemployment, and that the solution to a deficit caused by the collapse of a housing bubble is to cut Social Security benefits.

If you like that reasoning, then you'll love the GTI commission's ideas about how to make the government they underfunded more efficient. GTIs vision is to transfer power from the legislative branch to its unpaid commissioners. In many cases, it would reduce Congress' role in authorization and appropriations to a simple up-or-down vote on whether to continue to authorize and allocate funding to the programs selected by the wise men and women.

Does the VA Committee want to cede its authority to make decisions about veterans' health care and benefits? Does the House Armed Services Committee want GTI to take over defense authorization, deciding what is duplicative, efficient, and effective? The committees of jurisdiction could be forced to bow to the wisdom of unelected commissioners aided by the product consultants of GTI if Congress agrees to this proposal.

What if a majority likes what they do with DOD and SSA, but does not want to approve of anything they propose for Commerce or Homeland Security? No amendments would be allowed. Even if GTI decides—and it would be their decision—to offer Congress

agency-by-agency packages for approval, it still amounts to a usurpation of the role of Congress.

There are other, more practical concerns. The government employs nurses in the VA, DOD, Bureau of Prisons, the Indian Health Service, at NIH, and other agencies. Are these services duplicative? A GTI management consultant with no concern for the impact on veterans, soldiers, inmates, Native Americans, or cancer patients could say yes in order to secure a contract or show savings in year one. What if the merging of nursing functions in one easy-to-contract-out agency was a small element in the GTI package?

Clearly, our system of government that allows congressional committees and their staffs to develop deep expertise into individual agency operations is a better alternative than a commission of seven wise men and women who are so rich that they can serve a 3-year term without pay. There is nothing any commission could recommend that could not be accomplished with a regular legislative process. You all can introduce bills with amendments and those things.

Finally, the corporations for whom democratic processes are a nuisance and a bother, with a commission they can control behind the scenes, they can exactly do what they want without the hassling of lobbying or trying to manufacture something for public consumption.

Thank you. I'll be glad to answer any questions.  
[Prepared statement of J. David Cox follows:]



**AFGE**  
Congressional  
Testimony

STATEMENT BY

J. DAVID COX, SR.  
NATIONAL PRESIDENT  
AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO

BEFORE THE

HOUSE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

ON

IMPROVING GOVERNMENT EFFICIENCY AND PERFORMANCE

JUNE 18, 2013

American Federation of Government Employees, AFL-CIO  
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Mr. Chairman and Members of the Committee: My name is J. David Cox, Sr. and I am the national president of the American Federation of Government Employees, AFL-CIO (AFGE). On behalf of the more than 670,000 federal and District of Columbia workers AFGE represents, I thank you for the opportunity to testify today on efforts to establish a so-called "Government Transformation Commission."

After reading the May 1, 2013 "white paper" prepared by the Government Transformation Initiative entitled "*Making the Federal Government More Economical, Efficient, and Effective*," my initial reaction was quite negative. I looked at the list of government contractors and contractor pressure groups that form GTI's coalition and its leadership, and noticed one name that has been associated with allegations of government inefficiency and ineffectiveness for decades, and wondered why he was at it again. But I was also awestruck at the audacity of someone who has spent the last five years fronting Wall Street billionaire Pete Peterson's<sup>1</sup> campaign to exploit the temporarily high deficits caused by the collapse of the housing bubble as an opportunity to cut and/or dismantle our nation's most popular and successful government programs, Social Security and Medicare. After doing as much as he could to undermine support for these popular, efficient, and important government programs, he now presents himself as the leader who can tell Congress what to do with all of government.

The record of the Peterson Foundation's campaign for fiscal austerity and social insurance cutbacks is quite relevant in evaluating GTI's proposals. The Foundation and its associated "*AstroTurf*" organizations such as Fix the Debt, the Can Kicks Back, and Comeback America – Keep America Great have all sought to impose extreme austerity on the government. The Foundation can take a lot of credit for the Budget Control Act and sequestration, which have succeeded in imposing terrible hardship on the unemployed, the poor, and federal employees suffering from pay freezes and furloughs and job cuts, while leaving the government's service contracts almost entirely untouched. But its intellectual arguments, projections, and analytic framework have all been utter failures.

The messages of these Peterson Foundation groups has been proven to be empirically wrong, logically wrong, and morally wrong. In contrast to their dire predictions and claims, there has been no increase in inflation, no crowding out of private investment, no increase in interest rates, and no difficulty in selling Treasury bonds. Nothing they predict occurs. They are never correct, yet they never admit error. Indeed, they repeat the Peterson Foundation trope in this white paper saying "... a "grand bargain" that includes budget controls, social

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<sup>1</sup> Pete Peterson Chairman was Commerce Secretary under President Nixon, and has served as CEO of Bell & Howell and Lehman Brothers. He is a co-founder of the private equity firm, the Blackstone Group.

insurance, tax, and other policy reforms is necessary..." even though not one element of that statement is true. Budget controls, by which they mean caps on domestic discretionary spending, are not necessary, especially when 12 million American citizens remain mired in long-term unemployment. Social insurance does not need "reform" that involves benefit reductions; because the private pension system has all but disappeared, Social Security needs to be expanded, not reduced. And lower taxes for corporations and the wealthy, which is what they mean by tax "reform", should not be considered for a moment since the trickle-down arguments that justify them have proven to be empirically invalid again and again.

These purveyors of austerity and social insurance cutbacks like to insist that their motivation is the interest of future generations. However, the policies they push have left more children in poverty, left more parents unemployed and hopeless for their future, more schools without adequate numbers of teachers and other educational resources, cutbacks in Head Start, childcare assistance, and more. Excluding the children of the very rich, the only thing the next generation will thank the Peterson Foundation for is impoverishment, family breakdown, and missed opportunity.

Perhaps they have tired of the incessant effort to undermine Social Security and Medicare, given that 78% of Americans oppose raising the eligibility age, 77% understand that Social Security contributes nothing to the deficit and oppose cutting benefits as a way to reduce the deficit, and 70% say the economic crisis points up how important Social Security is.<sup>2</sup> You can call Social Security "unsustainable" seven ways 'til Sunday and Americans continue to know better, no matter how many millions the Peterson Foundation spends to convince them otherwise.

So here comes the GTI, a coalition of government contractors, contractor pressure groups, and Peterson Foundation alumni presuming to tell the American people that what is necessary is to establish a committee of Seven Wise Men (and perhaps a woman or two) who will tell the legislative branch what to do with the executive branch. And because it is always wise to make at least a gesture toward democracy, they kindly permit Congress a small bit of time to vote the wisdom of these Wise Men up or down.

The white paper makes reference to President Reagan's Grace Commission, President Clinton's Reinventing Government, George W. Bush's President's Management Agenda, and President Obama's Simpson-Bowles Commission.

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<sup>2</sup> [http://www.ncpssmfoundation.org/unh\\_poll\\_report.pdf](http://www.ncpssmfoundation.org/unh_poll_report.pdf).

The GTI also harkens back to the Hoover Commission, created by President Truman in 1947 and headed by Herbert Hoover. It leaves out reference to Mr. Walker's long-running colloquia on "Human Capital (sic)" while at GAO, the Commercial Activities Panel, or the new Volker Alliance, all of which aim for more or less the same corporatization and privatization of government.

When I use the term "corporatization" I mean efforts to remake the operations of government on the model of private firms: at will employment to replace the civil service, pay systems that differentiate by individual and reallocate salary dollars to the top at the expense of those in lower grades, and an ethos of fast and cheap and buyer beware. Importantly, there are two areas where these "reformers" diverge from the "best practices" of the private sector. One is in procurement. They would take away managers' flexibility to decide whether to "make or buy" and force outsourcing, regardless of risk, cost, or law, whenever possible. The second has to do with the recommendations of management consultants. Private firms are free to consider, accept, or reject the recommendations of management consultants. GTI would require federal agencies to implement the management consultants' suggestions, regardless of whether those with actual responsibility for outcomes consider the suggestions wise or foolish.

The federal government's outsourcing and privatization wave, which has enjoyed enthusiastic support and advocacy by all of these commissions and initiatives, speaks for itself. More than \$330 billion spent annually on service contracts, an uncounted and unaccountable shadow workforce that is not only larger and more costly than the federal workforce, but whose costs also grow annually by amounts that should give deficit hawks at least some pause. And now that the enormous, unjustified, and terribly harmful spending reductions these austerity peddlers sold to both Congress and the administration have gone into effect, the contractors have escaped almost unscathed.

When considering the GTI proposal, please note that the very same people who would appoint themselves to this new committee of Wise Men just a decade ago focused on marketing privatization and outsourcing as a means of creating a flexible, disposable, contingent government workforce. But lo and behold, it turns out that only federal employees are flexible, disposable, and contingent. Only with the federal workforce do agencies have the flexibility to impose furloughs and Reductions in Force in response to sequestration. Service contract spending continues apace. If Edward Snowden hadn't made the newspapers last week, there would be no consideration of the \$6 billion given to Booz Allen Hamilton each year to perform functions that almost no one in either

the executive or legislative branch can describe. And Booz Allen Hamilton has many of the GTI coalition members to thank for that.

#### **What Problem Would the Wise Men Solve?**

The authors of the white paper try to make the case that managers of executive branch agencies, including both political appointees and career civil servants, are incapable of prudent, "economical, efficient, effective and respected" stewardship of government. They want to "streamline government and reduce the regulatory burden on both business and individuals." They acknowledge that the Office of Management and Budget and the Government Accountability Office and Inspectors General all come up with good ideas for improving government efficiency, but lament that Congress rarely enacts legislation that forces implementation. But there are good reasons Congress does not authorize implementation of every idea put forth as an efficiency enhancer. In particular, there has been some resistance to the notion when the policy is to strip federal employees of their collective bargaining rights, or to outsource and privatize anything deemed "commercial" or capable of performance by a government contractor. In short, because they so often conflict with the public's interest in transparency, accountability and economy, lawmakers do not always rush to implement proposals that would impose a corporate agenda on government.

Government does not run perfectly. Neither does any private business. There are always challenges in government agencies, but in most cases, federal employees and agency managers make honest attempts to meet these challenges. There are those who ignore conflicts of interest and sign contracts to make their friends and associates wealthy at taxpayer expense. But there are far more who resist political pressure to steer lucrative contracts to those with strong political connections. Yet even without political interference on the question of which contractor should be awarded a particular contract, the pressure to contract out government work is pervasive. A preference for contracting out is built in to our budget practices. Funds available to spend on federal employees are subject to hard annual limits, while funds available to spend on contracts are uncapped and flow far more freely throughout the year.

#### **The Real Answer to why Many Good Ideas are Never Implemented**

In 1980, President Reagan established within OMB the Office of Information and Regulatory Affairs (OIRA) pursuant to the enactment of the Paperwork Reduction Act, but it was not until 1993 when President Clinton issued Executive Order Number 12866 that regulatory "efficiency" came into full flower. The Executive Order put into place extraordinarily rigid and narrow cost-benefit standards that

make it all but impossible to establish any regulation that would promote the public good at some cost to private business. Proposed regulations promoting public health, clean water and air, fair trade, workplace standards, and product safety have all been rejected because they do not pass muster with this brainchild of earlier “efficiency” and business-oriented government reform initiatives. In 2007, President George W. Bush took this further and required that agency “guidance documents” also submit to OIRA’s severe cost-benefit analyses.

I can save the taxpayers all of the money the GTI would spend on itself by assuring them that I already know why many good ideas (ideas that do not involve contracting out more government work) from GAO and IGs and agency managers do not go forward. They run into the obstacle course at OIRA and if OIRA decides that they cost money, they die. That is the plain and simple answer to why good ideas often go nowhere. It is because they cost money, at least in the short run. And even if the proposed policy would produce results that are valuable, that increase efficiency (and lower long-run costs), or meet an important public need; if OIRA does not like it, the idea will not go into effect. OIRA is known as the place where good ideas go to die.

Assuming OIRA continues to exist, the only GTI suggestions apart from increased contracting out (which needs no OIRA approval) which will go into effect are suggestions that fall into the category of spending reductions. How convenient for the purveyors of austerity and increased outsourcing and privatization, but how damaging for those who value economy, transparency, and accountability in government.

### **Commissions, Fast-Track, Democracy, and the Role of Congress**

The authors seek to head off criticism by anticipating “frequently asked questions” and dispensing with them one by one. They insist they are not out to eliminate my members’ jobs, not using this as another of their notorious subterfuges for more program elimination and austerity, not usurping the role of Congress, GAO, Inspectors General, OMB, or C-level executives in agencies, and finally, not the same as all the commissions that have preceded them in recent years.

I am not convinced. I believe that a commission with the same individuals and the same corporate sponsors as previous commissions will produce the same sorts of recommendations that have been previously rejected. More important, I urge the committee to question whether the very same Wise Men who have been wrong on the deficit, wrong on interest rates, wrong on Social Security, wrong on

Medicare, wrong on privatization, wrong on outsourcing, wrong on tax policy, wrong on federal employee pay, wrong on federal retirement benefits, wrong on health care, wrong on civil service protections, wrong on government accounting standards, wrong on procurement generally, wrong on deregulation, wrong on almost everything they claim to understand will produce the right answers in this instance. As such, I urge the members of this committee to withhold support for this initiative.

Further, for believers in democracy and the democratic processes developed over decades of professional and apolitical management of government, the notion of investing so much power in the hands of seven unelected individuals should be offensive. GTI claims that its Council of Wise Men would be above politics, and would dispassionately analyze the government for efficiency, effectiveness, results-orientation, and redundancies. But we know that such assurances are nonsense. These are not Oxford Dons at the High Table, steeped in the wisdom of the great philosophers, able to decide important matters of state and how to achieve the good and just society. That is not what the Government Transformation Initiative's commission would be.

It would be politics behind closed doors, where the powerful reign supreme and the interests of the many are ignored. Commissioners would be lobbied intensely by special interests, including the corporate sponsors and coalition members with vested interests in the government's continued expansion of service contracting. And the only role for elected officials, those operating in the light of day and subject to accountability from a broader constituency, would be a quick thumbs up or down on a law that might completely remake our nation's government.

Further, we know that as in the past and in spite of the GTI's assurances, the commission's agenda will involve fewer rights for federal employees, fewer safeguards that protect the operation of government from political interference, more costly and unaccountable outsourcing and privatization, and a diminution in both quantity and quality of services provided to the public. The very same individuals who spearheaded the campaign to focus both political parties on austerity rather than job creation, and who designed the destructive fiscal policies that have created the ruinous spending caps and sequestration would assume the role of telling the government how to manage what's left.

One point cannot be emphasized strongly enough: Sequestration, furloughs, RIFs, pay freezes, spending caps, personnel ceilings, hiring freezes, and the across-the-board elimination of overtime and temporary and term positions are all the direct result of the successful campaign by Peterson Foundation

representatives to make Americans believe that deficit spending during a recession with persistent high unemployment was worse than high unemployment. And that the “solution” to deficit spending during a recession caused by the collapse of a housing bubble is to cut Social Security benefits. If you like that reasoning, then you’ll love the GTI commission’s ideas about how to make the government they underfunded more efficient.

### **Management Jargon vs. the Reality of Government Administration**

The “best practices in the private sector” standard is particularly dangerous. Private sector best practices are about profit maximization. They are inconsistent with the mission of many federal agencies to protect public health, provide assistance in times of food insecurity, homelessness, poverty and old age. They are not standards appropriate for law enforcement, data gathering, scientific research, national security, or the defense of civil rights or equal employment opportunities. Private sector best practices, as defined by business schools, are unlikely to include respecting employees’ rights to a voice at work through collective bargaining. Veterans’ preference in hiring and retention is not a private sector best practice, and neither is accommodation of workers with disabilities or service-related impairments.

Before Congress agrees to cede its role in deciding which agencies and programs to authorize and what level of funding it considers adequate for efficient and effective operation and delivery of services, I urge you to consider that there is nothing any commission could recommend that cannot also be accomplished through normal, democratic processes. Our regular legislative process allows bills that would eliminate duplicative government programs to be introduced, allows hearings held to solicit input from stakeholders and others with expertise, allows debate to occur among lawmakers, amendments to be offered and considered, and votes to be taken. *Who would choose an unelected commission of Seven Wise Men over this? The corporations for whom democratic processes are a nuisance and a bother.* With a commission they can control behind the scenes, they can get exactly what they want without the hassle of lobbying and manufacturing arguments fit for public consumption.

The most conspicuous of those manufactured arguments, in terms of government operations, have been those used to justify contracting out of government work. It has been argued that it saves money. It has been argued that it gives the government access to skills and talent that it would not otherwise be able to attract. It has been argued that it gives agencies flexibility that the federal workforce lacks, since it is so much easier to cancel or decide not to renew a contract than it is to terminate a federal employee. It has been argued

that contractor employees are smarter, work harder, and provide higher quality than boring old federal employees.

All these and more were argued by members of the congressionally-mandated Commercial Activities Panel, a mini-commission designed to facilitate the outsourcing of about half of the federal workforce. The Panel's findings in 2002 emphasized the "importance of competition and its central role in fostering economy, efficiency, high performance, and continuous performance improvement." It was assumed that subjecting work performed by federal employees to competition from private contractors would result in optimal performance no matter the outcome. Competition itself was the magic recipe that would create all the results that the GTI proponents promise from their deliberations. Contracting out was the answer to whatever question one might have. But that was more than a decade ago when the government spent \$120 billion a year on service contracts. Now that we spend \$320 billion a year, following the logic of the Panel, all of our problems should be solved many times over. But now contracting is the problem, and surely more contracting cannot be the answer.

#### **GTI's Commission vs. Congressional Authority**

GTI's vision is to transfer to its unpaid commissioners much of the power that now rests in the legislative branch. In many cases, it would reduce Congress' role in authorization and appropriations to a simple vote – up or down – on whether to continue to authorize and appropriate the programs "selected" by the Wise Men. When deciding whether to support GTI's proposal, please consider whether the Committee on Veterans' Affairs wants to cede its authority to make decisions about which operations and programs should be authorized for veterans health care and benefits. Does the House Armed Services Committee want GTI to take over defense authorization, deciding what is duplicative, efficient, and effective? We could go on and on. The committees of jurisdiction could be forced to bow to the wisdom of unelected commissioners, aided by the private consultants of GTI, if Congress agrees to this proposal. What if a majority likes what they do with DoD, SSA, EPA, and Labor, but does not want to approve of everything they propose for Commerce, HUD, Education, or the Department of Homeland Security (DHS)? Even if GTI decides, *and it would be their decision*, to offer Congress agency-by-agency packages for approval, it still amounts to a profound usurpation of the role of Congress.

The federal government employs nurses in the Department of Veterans Affairs, the Department of Defense, the Bureau of Prisons, the Indian Health Service, at the National Institutes of Health (NIH) and at other agencies. Are these services

duplicative? A GTI management consultant with no concern whatsoever for outcomes or the impact on veterans, soldiers, inmates, Native Americans, or cancer patients could consider them redundant in order to secure a contract or show "savings" in year one. What if the merging of nursing functions in one, easy-to-contract-out agency was a relatively hidden, small element in the GTI package? Multiply this question times many thousands and you see why our system of government, that allows Congressional committees and their staffs to develop deep expertise in the minutia of agency operations, is a better alternative than a commission of Seven Wise Men who are so rich they can serve for three-year terms without pay.

### **Conclusion**

The GTI proposal for a seven-member commission to remake the executive branch according to the wisdom of private sector management consultants should be rejected by the committee. It is a profoundly undemocratic initiative that would minimize the role of elected officials and maximize the power of corporate special interests operating behind the scenes to advance their agenda of contracting out, reallocation of salary dollars away from middle and lower graded employees, a reduction in civil service protections and collective bargaining rights, and the constriction of government programs, services, agencies, and access. The winners would be the GTI coalition's corporate sponsors and the losers would be Members of Congress, democratic processes, citizens without special access, and federal employees who work hard every day on behalf of the American people who depend upon them to deliver high quality services with integrity, efficiency, and a strong belief in the good government does on behalf of our nation.

Chairman ISSA. Mr. Cox, do you have any facts to back up your allegation repeatedly in your opening statement that this is all about private sector trying to do something to the expense—in other words, you’ve alleged both in your written statement and now in your opening statement, effectively, a conspiracy. Do you have any evidence of that conspiracy?

Mr. COX. Mr. Chairman, I don’t view it as a conspiracy. But I clearly view it that it’s an opportunity to try to contract out the government work that goes on that’s very important.

Chairman ISSA. Well, I can assure you that’s not what this hearing is about.

Now I’ll go through my round of questioning.

Mr. Cox, as a short statement for all of you, over the decade-plus that I’ve served in Congress, I’ve learned one thing: Organizational representatives like yourself exist to collect union dues and to maintain a large workforce. However, the workforce itself is generally more concerned at being efficient and effective. Yes, they worry about whether their job is going to be kept. But in the long run, they want to be proud of the organizations. When I meet with Federal workers, what I generally find is they’re irritated when a contractor is paid more, delivers less, and is less flexible than they are.

One of the questions I have for this panel, and I’ll start with Mr. Walker and go to Mr. Goldsmith and so on, is in the process beyond just reorganizing government, how do we restore the honest broker role of the decision makers in government? Mr. Cox went through a very long opening statement that really just said you can’t trust corporate America, you can’t trust contractors, and so on. I’m going to agree with him to a certain extent. We have to find people who do not represent the status quo who in fact do not want to have endless, continued large bureaucracies; in other words, who are not supported by the growth of bureaucracy as how they gain merit.

Mr. Walker, you dealt with this at GAO. How do we get the honest broker, not just in your commission, but in the days and weeks and years that come afterwards in the decision process, including procurement, which is an area this committee is very concerned with?

Mr. WALKER. Mr. Chairman, let me mention two things. First, the GTI. It’s critically important that the seven persons, or however many, you know, the Congress and the President decided would be appropriate, be capable, credible, and nonconflicted. You have to have people who have proven transformational change experience in the public sector, private sector, not-for-profit sector. You have to have people—

Chairman ISSA. No, I get it on the proposal. But my question is much more narrow; hopefully, we can go quickly.

Mr. WALKER. Sure.

Chairman ISSA. How do we get a government in which—for example, Mr. Goldsmith, you mentioned we need to give flexibility, we need to get out of this idea that there are no rules. But this committee, looking at GSAs decision making, IRSs decision making, when they had very fungible money, they threw themselves a party. I assume you’re not talking about their ethics, but rather de-

cision making when it's truly within the line of their obligation to deliver goods and services.

Mr. GOLDSMITH. Yes, sir.

Mr. WALKER. Go ahead.

Mr. GOLDSMITH. Your question—

Chairman ISSA. I'm trying to get through all of you quickly.

Mr. GOLDSMITH. I know. Your question is so complex, I'm trying to figure out how to answer it in 30 seconds.

So I would say this a couple ways. One, that in the end you all are responsible for these policy decisions. What we're discussing today is how most effectively and efficiently to deliver upon those policies that you implemented and the dollars that you appropriate. And to me, just to go back to the local level, every time that—the question is, what should government be responsible for, what should the government employee be responsible for? If the government employee has an acquisition workforce that's well trained, that's very sophisticated in the way they manage the private contractors, they're accountable for those.

What we're dealing with today is not the outsourcing of the control of government, but the delivery of these products. In Indianapolis, as well as in New York City, when you ask your union employees to compete to do their work, right, to do their work in a proud way, they do it and they do it well. So in the end, I would suggest that this brokerage question you ask is owned by government, controlled by government, but we're going to have different delivery processes.

And, finally, I don't think there should be any less accountability for the public employee. I'm just suggesting that accountability ought to be accountability for results, not just processes.

Chairman ISSA. Dr. Kamarck, when you were speaking of particularly the Clinton era, most of that activity was done by executive order, executive fiat, if you will. And much of what was done during the Clinton administration, effectively, you were very kind to say was continued. But certainly when we look at where government is, reduction in agencies and so on, that hasn't continued.

When we look at reorganizing government structurally, and I'm not completely in Mr. Walker's camp on how a commission would be structured, but how do we create something that to a certain extent existed under Hoover, which is Congress bought in, the executive branch bought in, and then over the years there was a constant activity that went on through multiple administrations? To a certain extent there really wasn't a Hoover II, there was a continuation under Eisenhower.

How do we create that where Mr. Cummings and I could look and say, it's not like BRAC, it's not kind of a fire and forget and if you don't like it it's an up or down, but, rather, an apolitical process that then, if you will, uses the best of the executive branch authority and the best of congressional authority to do real reform and savings and to score it properly?

Ms. KAMARCK. Well, I think you open up an issue that has been talked about for a long time, which is I think this committee could reopen and reinvigorate the authorizing process in Congress; that what has happened over the years is that congressional committees are obsessed with appropriations—

Chairman ISSA. No, just the appropriators are obsessed. I have always been on authorization committees. I know the ranking member and I are very happy to bring back some authority to authorization.

Ms. KAMARCK. That's right. I think that between a commission like this, and you could build strong links to authorizing committees and reinvigorate their role in working out problems with the executive branch. Let's face it, what's happened over time is, as authorizing has decreased in time here in Congress, the authorizers wait for a crisis, at which point it's too late, you know, you've got a disaster going on, you've got a big problem, and the executive branch then is in scramble mode.

I think that a committee like this could start to take some of those problems on the GAO High Risk List that David talked about, I think they could start working through them in conjunction with the authorizing committees, so that you get Congress back into a more productive oversight role as opposed to the house-is-burning-down oversight role which has been common in recent years.

Chairman ISSA. I want to be respectful of all the people's time. I go to Mr. Cummings.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

Dr. Kamarck, I want to go back to something that you said that I am probably going to borrow on. The first time I will use it I'll give you credit, after that it's mine.

Ms. KAMARCK. That's the rule.

Mr. CUMMINGS. You talked about a trust deficit. Talk about that. I'm always trying to get to this whole thing of effectiveness and efficiency, and I believe that where there is no trust it's almost impossible to get anything done, be it a marriage, be it whatever. So talk about that for a moment.

Ms. KAMARCK. The United States has been suffering a trust-in-government deficit for many decades now. In fact, in the 1960s and 1970s trust in government was high. The all-time high was reached in the early 1960s when trust in government was about 74 percent. Gallup has been asking this same question, okay, for almost 50 years now, and in my testimony you'll see the Gallup poll that shows this.

One of the things that we were proudest of in the Clinton administration is that we started out with a 17 percent trust in government. Only 17 percent of Americans trusted the government to do the right thing most of the time. As we began to work on reforming the government, respecting civil servants, okay, working with civil servants, working to fix government programs, publicizing our work, we got trust in government up to 42 percent. There was the biggest and most consistent increase. And we think that the efforts, just doing this kind of work contributed to that.

Since then we had a peak around 9/11, which was a little artificial. Since then trust in government has consistently fallen and it's now back down at 19 percent.

Mr. CUMMINGS. But explain to me the significance of that with regard to transformation.

Ms. KAMARCK. I think that when the American people see the government working at efficiency, okay, whether it's closing even

small programs that you and I know don't make any difference on the deficit because they're too small, when the American people see the government working at making the government effective and efficient, they then say, oh, yeah, they're not wasting my money.

And, frankly, as a progressive or a Democrat, okay, let me say that I believe that for those people, for those of us who believe in activist government and would like to see government working more effectively, you cannot do that without the first. You cannot expand the government, you cannot ask people to support an expanded health care program, et cetera, unless you have people thinking that people who work in the government are working at these very basic issues of efficiency, effectiveness, don't waste money, get rid of obsolete programs, et cetera.

Mr. CUMMINGS. Well, let me just go back, and you agreed with something that I said a little bit earlier when I said that you have to have buy-in by the people who are there. And Mr. Cox represents, as he has already said, employees who their pay has been frozen, they see furloughs, they hear people who, they work for us, they hear negative statements over and over again. How do we get past that? In other words, I think you and I agree you have to have buy-in, but you have got a Mr. Cox who is doing his job representing people who are our neighbors, the people who make it possible for us to do what we do, the people who, in the words of my wife, allows us to feed our souls. So how do we bridge that?

Ms. KAMARCK. Well, part of the way you bridge that is you don't do across-the-board cuts, okay? Part of the way you bridge that is you have to do this deep dive into government and you have to make some pretty hard decisions.

There are pieces of the Federal Government that we just don't need any more, okay? And so take that hard decision. Cut it that way. Don't cut everybody regardless of the important work that they're doing. And when you do it, it's a much more satisfactory way to do it, because you're distinguishing between things that you need, things that you don't need.

Mr. CUMMINGS. Dave, I want to hear from you in a second. But a lot of times I think about what we do here in Congress and I say to myself, if we ran our families like we run Congress, we would be in total trouble, because basically what you just said is the way people run their families.

Ms. KAMARCK. Sure.

Mr. CUMMINGS. They make practical decisions, they look for the efficiencies. If they have a problem, they don't throw away the baby because they lost a few dollars. They get the aunt to take care of the baby, to do the baby-sitting or something.

David, what were you going to say?

Mr. WALKER. Well, first, trust is essential to make transformational change, and that means that the players matter and the process matters. And contrary to the assertions by J. David Cox, which I viewed as being largely fiction, there has got to be transparency and accountability associated with this process. Ultimately the Congress and the President make the decisions. This just a mechanism to be able to set the table so that decisions can be made that have not been made.

Let me give you a case study, Mr. Cummings. When I became Comptroller General of the United States we did three things that the Federal Government has never done since 1789. We had a strategic plan, we had a budget, and we had outcome-based performance metrics. We transformed that agency. We made it 13 percent smaller, 50 to 100 percent more productive, and three times the outcome-based results. We were rated number two in the Federal Government employee satisfaction, had a 95 percent positive client satisfaction rate from the Congress of the United States.

This is not rocket science, but the process and the players matter.

Mr. CUMMINGS. I just have got about another minute and then I have got to end.

Mr. Cox, several members of the panel have already said that when they talk to employees they know that employees want to do the right thing, government employees, and they want to be effective, they want to be efficient. I mean, do you see any value in this discussion? Do you follow what I am saying? And I believe that. I mean, I deal with Federal employees every day. God knows I thank God for them. But I am trying to figure out, there is something there, there should be a way to bridge some of this. But I mean, do you see any value in this? Do you follow me? Does that make sense?

Mr. COX. Congressman, I don't see a value in having a commission to take another look at the government. Part of it, I believe very much that you have got the executive branch that runs the various agencies. They need to take a look at what they're doing on a regular, reoccurring basis. You have the Congress of the United States, you know. My colleague over here, clearly, I would love to have a budget to run the Federal Government with. I would really like to have a budget.

Federal employees want to do a good job. I myself served the Department of Veterans Affairs 23 years as a registered nurse, so wanting to take care of veterans and to do a great job for the men and women that served this country.

Mr. CUMMINGS. Thank you, Mr. Chairman.

Mr. MICA. [Presiding] Thank you, Mr. Cummings.

The gentleman from Tennessee, Mr. Duncan.

Mr. DUNCAN. Well, thank you, Mr. Chairman.

Mr. Walker, first of all let me, too, express my respect and admiration for the work you have done through the years. I want to ask you this, though. I have been here 25 years now and when I first came our national debt was slightly less than \$3 trillion. Now we're approaching \$17 trillion. I thought it was too much when I first got here. And yet I do read occasionally an economist in The New York Times or someplace else that says that that debt really doesn't matter as much as we sometimes say. And I've got a couple of questions related to that.

I read all these articles, too, that say that we've got not only this what I think is horrendous debt, but we've got X amount of unfunded liabilities. I read different figures on that. What is your latest guess as to what these unfunded liabilities are and how soon do you think we will be at the point where almost the entire Fed-

eral budget will have to be spent on Social Security, Medicare, Medicaid, interest on the debt, and so forth?

Mr. WALKER. Well, let me give you a few highlight numbers. When President Clinton ended his term as president, debt was \$5.6 trillion. It's over triple that under the last two Presidents. When President Clinton ended his term our total liabilities and unfunded promises for Social Security and Medicare were \$20.4 trillion. Now they're about \$72 trillion, going up \$7 million a minute; \$7 million a minute.

When you use honest and comparable accounting and you compare debt to GDP in the United States to Europe, you have to add Federal, State and local debt, you should also add what we owe the trust fund bonds for Social Security and Medicare, there is only one country in Europe that has a higher debt to GDP than the United States, it's called Greece. I would respectfully suggest we don't want to follow their example.

Now, don't get me wrong. The so-called economist Paul Krugman, who I have debated several times, the truth is we need to be spending more on investment and less on consumption. The truth is the problem is not the short-term deficits, it's the structural deficits. And in fact if we could end up regaining control of the budget, spending more on investment in the short-term, restructure our obligations over time, reform our tax system, then we can accomplish both. We can end up getting more economic growth, more job opportunities. And that might actually exacerbate the deficit in the short-term, but we could make huge progress on dealing with these unfunded obligations over time, through reforming social insurance programs and our healthcare system and our tax system. So that's what we need to do.

So the truth is we've got a problem. The problem is not the short-term problem, it's the structural problem. But no matter what we do on that, we've got to improve the economy, efficiency, and effectiveness in government. And with all due respect, the current system isn't working.

Mr. DUNCAN. All right. Let me ask one question of Mr. Goldsmith.

Mr. Goldsmith, my dad was mayor of Knoxville from the time I was 11 until I was 17. I found out, the big thing I remember is I think almost everybody wanted to be a fireman or a policeman and the next day after they went on the force they wanted a promotion and/or a raise. And I became convinced that being a mayor was one of the toughest jobs in the world, and so I certainly admire what you have done.

But former Governor Rendell, when he was mayor of Philadelphia and he was having a problem with city unions, he testified in front of the Ways and Means Committee and he said government does not work because it was not designed to. He said there is no incentive for people to work hard, so many do not, or some do not. He said there is no incentive to save money, so much of it's squandered.

And we've heard for years how government agencies spend 60 percent of their budget in the first 11 months and they scramble around that last 12th month spending the last of it so they won't be cut. How do we put more incentives or pressures into govern-

ment so get these costs down? Can we work a system where we give employees bonuses if their agencies don't spend all their money? What do you say to that?

Mr. GOLDSMITH. Thanks for your question. Governor Rendell and I were mayors at the same time facing kind of similar issues.

I think your question is very insightful. I mean, people react to the incentives that they're given, right? And irrespective of the scale of the deficit that David just responded to your question, right, every dollar is somebody else's dollar. The culture has to change.

And we have these structures in government, you know, the lose it if you don't use it on the funding for an agency, right? You have 100 employees lined up next to each other and you have 25 that excel, right? Can we reward those 25 in some way?

I come from a background, just like Ed Rendell, right, where we value our public employees, and I would suggest to you that the current system is unfair to our current employees, right? It doesn't reward their performance, it doesn't give them the benefits of solving a problem in a substantial way. And what's more, because of the attrition we have in the public workforce, we do have opportunities now to be more productive without the layoffs.

So I would suggest that looking at every one of these structures, how we procure, how we pay, how we hire, how we promote, how we give discretion, all of those things will change the culture of how we protect the public's tax dollar.

Mr. MICA. The gentleman's \$35 million of debt time has expired.

I will yield the next \$35 million to the gentleman from Massachusetts, Mr. Tierney.

Mr. TIERNEY. Thank you.

So, Mr. Walker, you don't think the current system is working, obviously, so the democratic republic notion isn't working, whatever. Would you think a parliamentary system or something along parliamentary system where one party had to take where responsibility for their actions or inaction and be held accountable at the ballot box would be more successful?

Mr. WALKER. Well, that would be a major constitutional change. The fact is, is that under parliamentary systems there is not a separation between who is in charge of the legislative branch and who is in charge of the government. You don't have the kind of checks and balances that our Constitution envisions. I think we can get there without going to a parliamentary system, but I do think that we need political reforms as well as policy reforms.

Mr. TIERNEY. What do you say to somebody who would say, well, the change here is just an abdication of Congress' responsibility. You say that the GAO or other groups like that can certainly identify the problems. Mr. Goldsmith, Mr. Chenok, everybody, and the problem is that Congress isn't acting as a policy body on those recommendations. So your suggestion is put Congress aside. We'll put in this group of seven people who aren't elected and they'll sort of cram it down their throats and see how that goes.

Mr. WALKER. Yeah, let's be very careful here. The power resides with the Congress of the United States and the President of the United States.

Mr. TIERNEY. Well, what you are recommending is that you give them something to bring to Congress that can't be changed at all, so there will be no amendments and up or down, so it doesn't reside with Congress.

Mr. WALKER. Well, first recognize that we are talking about a concept, not a piece of legislation, and that ultimately the Congress would have to end up introducing legislation that would have to pass and get the signature of the President. So what we recommended was that the body would make recommendations, it would be guaranteed hearings and it would be guaranteed an up-or-down vote. Now, there is a risk to that. There is a risk it that.

Mr. TIERNEY. Well, let me ask you a question. So if you recommend something—

Mr. WALKER. Yes, sir.

Mr. TIERNEY. —could the committee hearing process then change that recommendation before it's brought to Congress?

Mr. WALKER. Sure. I mean, the Congress is the one that passes the laws of the land.

Mr. TIERNEY. Well, I want to get that clear. Because what I was first hearing was, no, they can't. It comes in, it goes to Congress, they vote up or down. You now say that it would go to a congressional hearing committee, they would have hearings, they would have amendments, they would change it however they wanted to change it—

Mr. WALKER. Let me clarify.

Mr. TIERNEY. —and they would bring it to the body, then that thing have to be voted up or down.

Mr. WALKER. Let me clarify. Legislation has not been introduced yet.

Mr. TIERNEY. I understand that.

Mr. WALKER. We have a concept. We have a concept. We recommend that you don't have amendments because if you end up having amendments, you can end up gutting the whole thing, as we've seen. On the other hand, if Congress in its wisdom decides that it's better to have amendments, with some type of limitation so you don't undercut the whole entire work of the commission, then obviously that would prevail.

Mr. TIERNEY. Suppose I was somebody very invested in farm interests out there and the commission decided they were going to recommend doing away with the farm subsidy program and the crop insurance program, and they made that recommendation, and then you say, well, we don't want Congress to make changes on that. I'm going to feel a little bit unrepresented out there. I don't think that's going to go over very big with the public.

Mr. WALKER. Well, I think there are several ways you could deal with it. First, I do envision you would end up issuing periodic reports on subject by subject. Secondly, as I said, it's ultimately up to the Congress and the President as to, if this commission is going to be created, whether or not you should have the authority to amend or not. You are going to have to make—

Mr. TIERNEY. And if have we the authority to amend—

Mr. WALKER. Well, but here's the other issue, but here's the other issue. You could have an up-or-down vote, and if not enough people vote for it then, fine, it goes down. On the other hand, if you

like a vast majority of what was recommended, you could have another piece of legislation that then would end up getting the necessary votes. The whole point is you want to have a process that has transparency, that has integrity, trying to get an answer.

Mr. TIERNEY. But we are all trying to get to the same place. I'm just trying to point out. You know, the fast track in trade is a total abdication, in my eyes and many others, of Congress' responsibility. It looks like we are going to the same place here on that.

Mr. WALKER. Sure.

Mr. TIERNEY. Dr. Kamarck, you seem to be very happy with the work that the reinventing government group did.

Ms. KAMARCK. Yes. Yes, I am.

Mr. TIERNEY. Why wouldn't we just do that again?

Ms. KAMARCK. I think that that's another way to approach this. I think that the important thing here is that it is time, it's 20 years, it is time for an across-the-board, substantive look at the government, at obsolescence, at what needs to be improved.

Going back to Mr. Cox's comments, you know, it's entirely possible that when you start analyzing this you are going to find that a lot of what we've contracted out over the last 20 years should be brought back into the government with perhaps some changes in the civil service laws.

Mr. TIERNEY. Look, I liked your riff on the idea that if you're going to be a good progressive you have to go back for effectiveness and for efficiencies, and the chairman, the ranking member, says it all the time. But that was a good way to go about it. It was a successful operation on that.

But also I want to mention Mr. Cox brought up a good point. You know, we're all very upset with government. Some of us aren't that enamored with business. So if we're going to have business or the Chamber of Commerce or anybody else in here as part of this group of seven or whatever, let's remember every day you pick up the paper they're the ones that almost tanked Wall Street, and not only our financial system but the national system. Look at the SEC actions being brought against people, the lawsuits. I'm not sure I want to put large corporate America or international corporations in charge of any operation on that.

So I have just those issues I think were brought on, the questions or whatever. But, Dr. Kamarck, I think probably a better view of this is let's do that reinventing government and keep it as a ongoing process so we continually review efficiencies and let's just do our job here. When people make the recommendation, let's see if we can't as a Congress find some way, instead of scoring political points, to come to some solutions.

Yield back.

Mr. MICA. Thank the gentleman.

Gentleman from Michigan, Mr. Bentivolio.

Mr. BENTIVOLIO. Thank you very much, Mr. Chairman.

While I am very much interested seeing the Federal Government become more efficient, I couldn't help but worry that we're missing the elephant in the room here.

Mr. Chenok, did I pronounce that correctly?

Mr. CHENOK. Yes, sir.

Mr. BENTIVOLIO. You state that by implementing some changes we could save nearly a trillion dollars over 10 years. That's a startling number that shows that government becomes more inefficient with our money as it becomes more and more involved in our daily lives. Do you think that the fact that we can save a trillion dollars, a number larger than the GDP of nearly 200 countries, by becoming more efficient in how we operate here in Washington suggests that the government may be involved in too much?

Mr. CHENOK. The report that we issued where that number came from talked about looking across the entire Federal budget over a 10-year period and looking at efficiencies that the private sector had gained in taking a look at things like supply change management, moving to shared services, consolidating information technology, looking at the savings that companies and other levels of government, State and local governments, for example, had made over time, and then making some assumptions, it's admittedly an estimate, about over 10 years if the government adopted this, what would the potential be for that.

So it was more about giving the government doing the services and activities it's involved in, if you actually took the extent of activities across the private sector in these seven areas and then took the savings that you saw in the private sector from that and applied it to the Federal budget, the potential for savings would be as much as a trillion dollars over 10 years.

Mr. BENTIVOLIO. You say that one of the long-term challenges is that Americans are used to taking its business elsewhere when providers don't respond well to that demand. Obviously most people don't move out of a country when they are dissatisfied with an inefficient Federal Government, but one of the great aspects of our Federal system is that we have States that compete against each other. When we approach the issue of making the Federal Government more efficient, do you think that it would be smart to start off by asking ourselves whether or not the Federal Government should even be involved with such a government service in the first place? Do you think that allowing the States to provide more government services would empower Americans with more choice, thus making government as a whole, nationally and locally, more efficient?

Mr. CHENOK. The intergovernmental partnership is a key element of our how our government functions and has been for 200 years. In any program—and many Federal Government programs are administered by dedicated employees at the State and local level who serve citizens and are closest to those citizens—in designing any Federal program and in looking at the ongoing operations of that program, especially one that is implemented through an intergovernmental partnership, I think your question is well taken. It's very important to look at the proper role of the Federal agency and the State and local agencies and ensure that they continue have to the proper balance.

Mr. BENTIVOLIO. Thank you.

Do you want to say something, Mr. Cox?

Mr. WALKER. I just want to give you some facts. A hundred years ago the Federal Government was 2 percent of GDP. Now it's 23 percent. It's 11-1/2 times bigger. A hundred years ago the Congress

controlled 97 percent of Federal spending. Now it controls 35, and declining. These are fundamental facts that tell us what part of our problem is.

Mr. BENTIVOLIO. Thank you very much.

Mr. Chairman, I yield back my time.

Mr. MICA. Thank you.

The gentleman from Tennessee, Mr. Cooper.

Mr. COOPER. Thank you, Mr. Chairman. I would like to thank each of the distinguished witnesses.

I just wish we could lock you in one room and get a consensus proposal and then force Congress to act on that. But then that would require that we'd lock everybody on this committee in a room to get a consensus here, and that's been one of the difficulties over recent decades, is getting consensus.

I think most people back home realize we live in the best country in the world, but there is still so much lost potential, it's tragic. So how do we gain that potential? Many of you have good ideas. I would love to see a decision-forcing mechanism here so that Congress could no longer delay and obfuscate. Our simple inability to deal with sequestration is proof positive that we prefer mindless, arbitrary, across-the-board cuts to sensible prioritization.

But I would like to ask several of the witnesses, first for Dr. Walker and Elaine Kamarck, do you think it requires presidential leadership, practically speaking? You know, Congress, we're an equal branch. In fact, we're Article I in the Constitution, so we should be able to assert ourselves more capably than we have been in the past. But functionally speaking, without presidential leadership, or vice-presidential leadership, as we had the case with reinventing government, does it really take that to focus enough public attention so you can fill a hearing room with enough people who actually think this might happen, that they take it seriously?

Mr. WALKER. Mr. Cooper, if you want to make transformational change, whether you're in the private sector, the public sector, or the not-for-profit sector, you have got to have the attention and leadership from the chief executive officer, whoever that is. You also need to have support from the bipartisan leadership in the Congress, which obviously has an important role to play. And so that's a condition precedent.

Ms. KAMARCK. Of course, you need presidential leadership, but I also think that when you get into this, it's just so much more complex. And therefore the authorizing committees could play a very, very important problem-solving role, perhaps in conjunction with a commission like this, in really delving into some of the most expensive and some of the apparently most wasteful pieces of the government.

And so I would say that Congress shouldn't shortchange itself. I mean, if you go back to a sort of prior era of primacy of the authorizing committees, I think a lot of good recommendations and a lot of work could be done.

Mr. COOPER. One of the tragedies that this witness panel has pointed out is the number of good recommendations that have been made in the past that Congress has either completely ignored or refused to implement.

I would like to ask Mr. Goldsmith, Mr. Chenok, and Mr. Cox about this deep question of civil service reform, because everyone wants a fulfilling career and they want adequate compensation and everyone is terribly frustrated with this mindless privatization where sometimes private sector folks are paid three and four times the amount of money to do the same work that was being done by a humble government employee.

So how do we get this right? Is our system so ossified now that we are unable to reform our own systems? Is this American arteriosclerosis that's happening? How do we get even a consensus among panelists like you about the right way to do things, because young people who graduate from business school are probably more likely to apply for a job at IBM than they are at USGovernmentjobs.com. We've got to have civil servants respected and capable and honored when they do a good job, and pay for performance has got to be a key part of that, I would think. So is there any consensus that you three gentlemen could strike?

Mr. GOLDSMITH. Well, we might have consensus on this subject. I mean, in the end a government employee is ultimately responsible for the activity, right? Go back to my work in New York City, right? IT procurement was so complex and the skills were so difficult that it was virtually impossible for the pay available to find the right person to manage that project.

So I think I would hope we could all agree that—I would suggest that the civil service system is broken on both ends, right? At the top end it doesn't recruit in the right level of folks, it doesn't recruit them in at the right pay level, it doesn't train them and give them the right amount of experience, and those people are absolutely necessary for an effective government.

At the bottom end I think we too narrowly manage our public employees. We don't give them enough discretion to solve problems. And with our current data systems we can figure out who is doing a good job and what remedial action they might need or what performance pay they might need. And, you know, if we hire folks based on tests and we promote them without concern to leadership and we don't evaluate and get ourselves taking care of those who are underperform, we're going to get the government that people complain about it.

So I think all through that system we need changes to enhance the skill level of the public sector employee.

Mr. CHENOK. Mr. Cooper, I joined the Federal Government out of graduate school and I am incredibly proud to have spent almost 15 years as a Federal employee. And I know that today there are many hundreds of thousands of Federal employees that feel the same way. And an important element I think of any reform or any recognition is that Federal employees often have the best and most creative ideas for how to make change in their agencies and in the programs that they work on, and creating structures to recognize that, to celebrate their achievement and their success, and to make that an enduring part of the civil service system I think is an important element of creating incentives that will keep Federal employees energized in the future.

Mr. MICA. Thank the gentleman.

Gentleman from North Carolina, Mr. Meadows.

Mr. MEADOWS. Thank you, Mr. Chairman.

And thank each of you for your testimony today. And as we look at this issue, does it not get down to one of motivation? How do we put employees and systems in terms of systemically within that to motivate the employees to do a better job, to be more efficient.

I am a new Member here, and so I find it very frustrating when you have agency after agency after agency that says, well, that's not my responsibility, that's over in this other area, and they're not doing their job. So it's always pointing the figure across at a different agency and getting it. And yet we have the GAO who has identified some \$200 billion in duplicative services that have not been implemented; that we could save \$200 billion right now, that we're doing the same thing in another agency.

So how do we go about making sure that employees have the proper incentive to do that?

Mr. Walker.

Mr. WALKER. Well, let me give you a case study. The case study is when I came to GAO. The first thing you have to do is the chief executive officer, whoever it is, the President of the United States, head of an agency, you have to have a plan, a strategic plan that's forward looking, threats, risks, opportunities, maximize value, mitigate risk. You have to have a budget where you allocate limited resources to try to achieve the results. You need to have performance metrics that are focused on outcomes. You then reorganize your agency. You then evaluate people based on those outcomes. People will do what you measure. Incentives, transparency, and accountability. They work.

Mr. MEADOWS. I agree. So what are the barriers to us doing that across all agencies. What are the barriers that we have?

Mr. WALKER. Well, one of the barriers that we have is we don't have such a plan for the United States Government, okay? Number two, we don't have a budget. Number three, we don't have outcome-based performance metrics adequately. For example, the authorizers, when they're authorizing things, you ought to know what are you looking for, how are you going to measure success?

The other problem we have is that our classification systems and compensation systems are based on the 1950s. They are based upon the 1950s, and they have to be modernized to reflect the 21st century realities. And these are good things for Federal workers, not bad things for Federal workers.

Mr. MEADOWS. Right. Right.

Dr. Kamarck?

Ms. KAMARCK. Part of the problem that the government faces is that it does not—government employees often in agencies don't have clear goals. And the reason is their goals are created in statutes and the statutes over time get contradictory goals.

So let's take foreign aid as an example, right? One of the goals of foreign aid is to make countries independent and able to sustain their own populations and grow food. What's another goal of foreign aid? Another goal of foreign aid is to create markets in those countries for American products. Now, those two things are contradictory. No wonder the civil servants have a heck of a time figuring out what they should do.

Mr. MEADOWS. So what you're saying it is, is more of an overall-arching policy issue?

Ms. KAMARCK. Well, if you look at some places in the government where the mission is very clear, okay, they actually do a very good and a very efficient job. The people at the Social Security Administration who get those checks out, billions and billions of dollars every month, on time, with relatively little fraud, they know what their goal is, they have got support for their goal, they do a pretty good job actually of doing that.

Mr. MEADOWS. Right. Right.

Ms. KAMARCK. Where we get into trouble in the government is where the goals are very difficult to define, they are often contradictory, there is often competing political pressures, and there it is a policy decision. There you have to go back to policy and you have to say, okay, what is it we really want this agency to do. You can't expect civil servants, who after all are bound by law, okay, they're creatures of law, you can't expect them to behave in an efficient way if they are in fact required to do many contradictory things at once.

Mr. MEADOWS. Okay. Mr. Cox, in your opening statement you kind of indicated that we don't have a problem right now. Is that what you're saying, is that we don't have a problem here?

Mr. COX. I would disagree with that.

Mr. MEADOWS. So we do have a problem.

Mr. COX. Yes, sir.

Mr. MEADOWS. And how do we fix it?

Mr. COX. I think how do we fix it, I think part of it, the Congress of the United States needs to adopt a budget. They need to move forward with that, sir. Also, when we talk about employees—

Mr. MEADOWS. My time is running out. Do you see any excesses in what we do in terms of giving bonuses to people that are not based on performance? Do you see that with the Federal employees?

Mr. COX. Yes, sir. I think that happens in any type system, but I also see gross overspending with government service contracts. DOD overspent by \$2.2 billion over and above their—

Mr. MEADOWS. So if we were to cut that program and make modifications on the Federal workers' standpoint, that's something that you could endorse or would endorse?

Mr. COX. That's a very, very specific question for a very specific answer, sir. But, sure, Federal employees should receive bonuses just like other employees. And pay for performance, I have heard that bantered around here. What we see with pay for performance is usually taking away from the lower end and giving to the top end. It's a reshuffling of the money. It's not additional money allocated to reward employees.

Mr. MEADOWS. Well, my time has expired. I appreciate the chair's indulgence.

Mr. MICA. Thank the gentleman.

Now the distinguished ranking member of the Government Operations Subcommittee, the gentleman from northern Virginia, Mr. Connolly.

Mr. CONNOLLY. I thank the distinguished chairman of that subcommittee.

Mr. Cox, Chairman Issa seemed to take some umbrage at your testimony and seemed to characterize it in certain ways, and maybe I didn't hear you correctly, but I thought the thrust of your testimony was whether the Government Transformation Initiative is a good idea or not, it represents a usurpation, that was the word I think you used, usurpation of Congressional prerogatives, that we have a responsibility, and that handing over that responsibility to an unelected group of seven wise men or seven wise women or whatever number has serious implications in terms of the constitutional responsibility Congress actually has. Did I get you wrong in your testimony?

Mr. COX. No, sir, you did not get me wrong. That is exactly correct. I mean, the American people elect the Congress of the United States and elect them with a responsibility to perform and they hold them accountable.

Mr. CONNOLLY. Mr. Walker, doesn't Mr. Cox have a point? I mean, with the best of intentions, is it implicit in this is sort of an admission that we apparently can't do it ourselves?

Mr. WALKER. You aren't doing it. The fact of the matter is you aren't doing it. The fact of the matter is—

Mr. CONNOLLY. Mr. Walker—

Mr. WALKER. —the system is not working.

Mr. CONNOLLY. Mr. Walker—

Mr. WALKER. Yes, sir.

Mr. CONNOLLY. —so, in other words, it is implicitly an acknowledgement that we are not doing it and can't do it.

Mr. WALKER. Absolutely.

Mr. CONNOLLY. And, for example, you were passionate a little earlier, Mr. Walker, in your testimony about the High Risk Report, which is one of my favorite reports, because I think it's full of substantive meat. You pointed out in your testimony that in 1990, the first report, there were 14 high risk categories identified and this year there were 30. And what kind of report card, Mr. Walker, does Congress get in acting on any of those 30?

Mr. WALKER. There have been some items that have been reduced over the years, and importantly a number of the items that are on the list actually require legislation in order to be able to address the problem. And so obviously it's not a good grade, because merely because you go from 14 to 30 is not a positive trend. But there have been some items that have come off.

And let me mention one thing, Mr. Connolly. You know, one of the things that GAO could do if Congress instructed it to do it, I'm not sure that it would want to do it, is actually go further than it does right now. Right now it doesn't make recommendations to say, consolidate this, cut this, eliminate this, add to this. It doesn't do that because it believes that Congress doesn't want it to do that.

You need those kinds of recommendations. If you are not going to get them from GAO, if you are not going to get them from the Inspectors General or somebody else, then that's what this commission is intended to do.

Mr. CONNOLLY. I agree. Thank you.

Ms. Kamarck, you talked about the partnership in Reinventing Government—and I remember reading all the books even at that time—between the Clinton administration and a Republican Con-

gress after 1994. But one of the things the Republican Congress did in 1996 was actually mandate a 25 percent reduction in acquisition personnel. I was listening to Mayor Goldsmith talk about the difficulties—boy, did that resonate with me—about the skill set we need to manage large complex systems integration IT contracts. We cut 25 percent. We went from 460,000 acquisition personnel in DOD to 230,000. I assume you wouldn't call that a positive attribute, nor would you count that in your column of good things under Reinventing Government?

Ms. KAMARCK. No, because I think that that was the same kind of sort of across-the-board cut that I talked about as being not well thought out. We did oppose the excessive paperwork and burdens that came on for very small, trivial, you know, acquisitions which we thought that Federal managers and Federal workers ought to have the ability to buy themselves. That did not go, however, to the large weapon systems, et cetera—

Mr. CONNOLLY. Well, we've been trying to climb back out of that mess every since. Here is an example of what Mr. Cox was talking about. We actually need more capability, not less, within the government in managing acquisition, especially IT acquisition.

Ms. KAMARCK. And can I just say—

Mr. CONNOLLY. Well, my time is going to run out.

Mr. Chenok, a final question. You served in the public sector and the private sector. What would happen in IBM if your corporate board of directors spent its time disparaging the workforce, announcing we're going to freeze your salary until you come down to some level that we have decided is the market level, we're going to cut your benefits, and we think you're overpaid, bloated, incompetent, lazy, and there are too many of you? What would happen in the private sector if senior management took that approach to its workforce?

Mr. CHENOK. Well, any organization, government or private sector, basically wants to look at its workforce as valuable contributors to the mission of the organization, whether it's a company, a small company, a large company, or a government organization. And the key, what the key is to ensure that the employees of that organization feel that their ideas are welcome and empowered and that there is a reward structure so that when they are successful they see career growth and career paths.

Mr. CONNOLLY. But, I know my time is up, but, Mr. Chairman, if you would indulge me, but it would be fair to say that any member of a corporate board of directors would be removed who actually did that because it affects productivity and morale and most sensible private sector companies actually care about those two things.

Mr. CHENOK. I am not an expert on rules of behavior for corporate boards of directors, but it would make sense for corporate boards to ensure that the success of the organization is paramount.

Mr. CONNOLLY. And I would simply note for those who say we ought to run the government like a company, we might want to learn from that because we are certainly not practicing what we say we preach.

My time is up. I thank you.

Mr. WOODALL. [Presiding] I thank the gentleman.

I will claim my time while I am sitting here in the chair. And I'd say to the gentleman from Virginia, I walked in, in the middle of your comments. When you talked about bloated, unproductive, overpaid, were you talking about what Members of Congress say about the Federal workforce or what the American voter's saying about Members of Congress?

Mr. CONNOLLY. I was referring to the former, Mr. Chairman.

Mr. WOODALL. Fair enough.

I will tell you, Mr. Walker, I am just a big fan of the work that you do. Always have been. I quote your materials regularly at town hall meetings. We're doing our best to preach the good news back home. It takes someone who's out there with credibility to crunch the numbers and share those.

I go home and I talk about the budget, I am a politician from Washington who may have an ax to grind. I go home and I talk about what our former Comptroller General says about the budget, because of the very fair-minded, aggressive approach that you took to listening to all sides while you were there, has a lot of credibility.

Let me say to you, or ask you, Doctor—is it Kamarck?

Ms. KAMARCK. Kamarck.

Mr. WOODALL. I was listening to your comments earlier where you talked about the ineffective way that cutting across the board touches all programs, that we really ought to have a conversation about what's effective and what's not effective and cut those things that are not effective and invest in those things that are.

Ms. KAMARCK. That's right.

Mr. WOODALL. I thought that made perfectly good sense. I always read the Brookings materials to challenge myself to make sure I am on the right track. I actually have a bill that's going to be heard in the Budget Committee this year and it's called the Baseline Budgeting Act, and it kind of takes the opposite spin to what you said. While I agree with you, it makes no sense at all to cut all programs across the board because some are effective and some aren't, it also makes no sense to me each year in baseline budgeting to raise the spending on all programs across the board because some are effective and some are not. And so my bill says let's just assume we're going to spend the same thing every year and then let's come back and justify those programs that need increases and those programs that need decreases.

While there seems to be bipartisan agreement that cutting across the board is not a smart plan, I'm having a tougher time finding bipartisan agreement that raising across the board is also not a smart plan. Could you speak to that just for a moment?

Ms. KAMARCK. Well, it's not surprising because, of course, you're going against the way Congress has always done business. So I would say that if in fact there was some mechanism, whether it's David's proposal here or some mechanism that was making distinctions in government between the government that's more important and the government that's less important, and then you could perhaps be able to use this metric.

One of the things that I would propose you think about is government that's become obsolete. There are entire places in this government where you really have to say, why are we doing this still?

And if you save some money there, you might be able to put that money in someplace else where you maybe need it more.

That process of asking why are we still doing this is a process that's difficult. I think it's difficult for politicians to take the first crack at it, but I don't think it's difficult for commissions to take the first crack at it. And I think what happens is when you have these commissions, and there have been many of them over the years, that they unearth some ideas that in fact have political umph to them and in fact can get enacted.

Mr. WOODALL. I was one of the two Georgians who voted in favor of the Budget Control Act. I believed in that commission. I remember I was speaking with the minority whip shortly thereafter and said, why do you think this didn't work? And the minority whip said, well, because we tried to do the responsible thing and we moved the hammer long past the actual decision making. And had the sequester gone into effect the day after the committee failed, the committee never would have agreed to fail. But because we put that big long space in there, the consequences were separated.

When we talk about commissions, and certainly we have had a lot of them, there have been some successes, term limits comes up a lot in my district. And I say, folks, I will support term limits legislation because I know you support term limits legislation, but I feel like I'm selling you short when I do because our Founding Fathers gave us term limits legislation and it was every 2 years. Twelve years of a bad Congressman is 12 years too long. We ought to be able to get rid of folks every 2 years in elections.

I feel kind of the same way about commissions. We created a United States Congress to do exactly these things, and at some point aren't we selling our Republic short when instead of fixing Congress that is supposed to be able to do these things together, we instead farm this out to somebody else to give us a yes or no, an up-or-down vote?

Mr. Walker?

Mr. WALKER. Well, I think it's important to note that this is a supplement to, not a substitute for, for whatever Congress is going to do on an ongoing basis. The idea is that this is a force enhancer. This is multiplier. This will enable you to be able to look at a lot more things a lot quicker, and that ultimately what will end up happening is the ultimate decision will be vested in the Congress and will be vested in the President of the United States, as it should be.

Rightly or wrongly, you don't spend enough time on these issues, and I don't know that that's likely to change anytime soon. It hasn't changed for several decades, and I don't see any real transformation up here.

Mr. WOODALL. Well, I was going to ask you that follow-up question, about whether you had confidence that we could do this in the absence of a commission as opposed to a commission being a force multiplier, but you have just answered that question, that in decades we have not and you don't see that changing in the coming years.

Mr. WALKER. I will tell you that in my testimony I have a history of different commissions since 1905 dealing with this issue. Most were not effective. The ones that were, were statutory. And those

did not undercut the Congress' constitutional responsibility and authority.

The Hoover commissions were really the kind of model that we're talking about. They were embraced by both Democratic and Republican Presidents, by both Democratic and Republican Congresses. Let's learn from history. Let's learn from others.

Mr. WOODALL. I thank you all for being here. I am grateful for your service in each of the roles that you play. This is a team sport, and irrespective of the results that we get, we're going to get better results with better players on the team, and I appreciate what you do.

Ms. Duckworth.

Ms. DUCKWORTH. Thank you, Mr. Chairman.

Gentleman, Dr. Kamarck, as I listen here I am trying to figure out what the best way forward is, because I feel that there are some inherently government functions that even the best business models cannot address. And having worked in the Department of Veterans Affairs, I think that's a great example of the complexity of this issue. On the one hand, you have this beast of an agency with tremendous waste and with huge backlogs, with veterans trying to get into the system. But on the other hand it has the best healthcare system in the Nation, if not the world. VA hospitals are consistently rated among the best, especially in the last 15 years with the turnarounds that Dr. Kizer put into place. I saw the work that my former colleague Roger Baker did as the CIO of VA. Now, there is a gentleman, because he had budget authority, was able to implement a lot of business processes that saved government tremendous amounts of money.

Also at VA, Mr. Cox, I saw employees who worked hard in the trenches unsung every single day whose heart bled for their veterans, who really placed the mission of caring for veterans above everything else. And so I am trying to figure out a way to sort of deal with this animal that we are working now. And let's go with this commission to start off with.

Mr. Walker, can you tell me who would sit on the commission that you suggest? Would it be people from within government, consultants from the private sector, or both, or would there be government employees? Because some of these issues are incredibly complex.

Mr. WALKER. Well, what the proposal is, that you would pick seven individuals from the public, private, or not-for-profit sector who are capable, credible, and nonconflicted, who have proven transformational change experience. In my view, at least one should be somebody who has credibility within the organized labor community to be able to be sensitive to those issues. But you don't want people who are heads of major government contractors. I don't think you want people who are sitting in government right now as head of a Federal Government agency right now, because of the potential conflicts of interest that exist there.

Ms. DUCKWORTH. Would you put in, for example, maybe not the highest level of Federal employee, but someone who is in the GS-13, 14, 15, you know, a more senior manager who is still in the trenches somewhat, as opposed to someone who is, say, at the Under Secretary or Assistant Secretary level?

Mr. WALKER. In my view there would be clearly room for input from those kinds of people. In fact, one of the things that we envision is that you want to draw upon the good work that's been done. You want to have mechanisms for government employees to be able to make recommendations of things that should be considered, et cetera.

But I think if you have got somebody who is a GS-13 it is hard for me to envision that they have a proven track record of achieving transformational change, and to me that's what's important. What's important is that you have people that have actually done some of the things that we're talking about doing. In government, could be different level of government, could be the Federal Government, in the private sector, in the not-for-profit sector. So therefore they have the knowledge, they have the experience, they have the credibility.

And, by the way, the way that we proposed it, but again it's a proposal, is the Congress appoint four and the President would appoint three and that it would be bipartisan, although the President's appointments would be one Democrat, one Republican, and one independent, because they're 42 percent of American voters.

Ms. DUCKWORTH. So if this commission is coming together and it's looking at new practices, new processes, maybe it's incentive-driven procedures, going back to what I said about inherently government functions, I worry about the underrepresented populations, those with disabilities, low income, some of our veterans.

If you just go with just pure business practices, it doesn't make sense, for example, to build wheelchair ramps and to accommodate for persons with disabilities. And I have real fear that we are going to get to a place, if we just reply purely on the dollars part of it, that we're going to start cutting a lot of these programs that only government can do because it's not in business' best interest to provide those services.

I think about when I go to restaurants here in D.C., many of them are not wheelchair accessible, and it would be simple, but they don't do it because it would cost money and the number of wheelchair users are much lower. And so I just want to make sure that we don't cut those functions out of government. Can you talk to that a little bit?

Mr. WALKER. This is not a policymaking mechanisms to decide what good public policy is. This has to do with the organization and operations of government. So if Congress has made the decision that certain things ought to happen, the question is how do you go about executing on that in a way that's a modern, efficient organization that maximizes economy, efficiency, and effectiveness? So it's management practices, it's not policy.

Ms. DUCKWORTH. Okay. Thank you.

I'm out of time, Mr. Chairman.

Thank you, Mr. Walker.

Mr. MICA. [Presiding] Thank you.

Mr. Cartwright is next.

Mr. CARTWRIGHT. Thank you, Mr. Chairman.

First, I want to say that, Mr. Cox, I appreciate your presence here today. I have been an employer pretty much my whole adult life. I am a freshman here in Congress now. I understand the im-

portance of encouraging the employees that you have who are productive and efficient. It's really part of the job of a manager, of an employer, to encourage productivity and efficiency through boosting morale.

I don't think anybody on this panel would disagree with me when I say we're doing the opposite of that with our government employees right now. I don't think anybody would disagree that we have some terrific government employees working for our Nation right now. Raise your hand if you disagree.

Mr. CARTWRIGHT. And that instead of rewarding and boosting the morale of these people, what we're doing, we've sent them more than 3 years without a raise. For many, many of these employees we have sequestered them and furloughed them, sent them home without pay. Raise your hand if you disagree with me when I say that's a really dumb way to treat great employees. Seeing no hands.

And not only that, what we're doing here is, we're inviting their leadership here, Mr. Cox, accusing him of engaging in fiction writing, suggesting that his organization exists to collect union dues. I heard that here today. And I suggest strongly that that's the wrong approach, too. Mr. Cox is doing a fine job of representing the people who are very faithfully working for our Nation in all different walks—the VA system, for our Federal depots around the country. And I was sorry to hear those comments here today.

But one thing I want to suggest is that there may be a constitutional concern, Mr. Walker, with the GTI-proposed commission. Because one thing I saw was that, according to the Congressional Research Service—and maybe you've seen this, Mr. Walker—CRS says that GTI's proposal raises a potential congressional constitutional concern. The Supreme Court held in *Buckley v. Valeo* that an appointee who exercises, "significant authority," is considered an officer of the United States and must be appointed by the President. And giving the commission the authority to direct agencies to take action raises a potential appointments clause concern in the Constitution, because its authority could potentially rise to the level of significant authority, and the members are not all appointed by the President.

Mr. Walker, I wanted to get your thoughts on that.

Mr. WALKER. Well, first, as you may know, CRS is not a very transparent organization. And so, no, I have not seen that. And in fact I think that's a problem. CRS' reports are not released unless the Member who requests the reports gives permission for them to release. So I would very much like to see that.

Secondly—

Mr. CARTWRIGHT. You're aware of *Buckley versus Valeo*?

Mr. WALKER. Yeah, right, but I haven't studied it. Yes, sir, I am.

The fact is, is obviously we wouldn't want anything to be done that would be potentially unconstitutional. Obviously, they didn't reach a judgment, they said there are issues here that have to be explored. Another way you could do it very easily is to have them all be presidential appointments but to require that the President has to consult with certain players or potentially require Senate confirmation.

Mr. CARTWRIGHT. All right. So you're willing to take that into account?

Mr. WALKER. Absolutely, there's a number of ways to get the job done. Absolutely.

Mr. CARTWRIGHT. Thank you, Mr. Walker.

Mr. Cox, would you have any concerns with giving an unelected commission the authority to direct agencies to take action?

Mr. COX. Yes, sir, I would. Number one, as has already been referred to, agencies have many missions that's outlined in the Constitution and by law, and the employees of those agencies are required to carry out that mission and to do that work. And then if you have an unelected commission that would, say, do something totally different, I believe the employees are caught in the middle there, that it would be a very uncomfortable situation again. And I think Federal employees are very, very dedicated employees that do a great job every day. And I do appreciate your comments.

Mr. CARTWRIGHT. Let me ask you one more question, though, before my time runs out. Are you concerned, Mr. Cox, that the recommendations of a commission like the one proposed by GTI could threaten the collective bargaining rights of Federal workers?

Mr. COX. Yes, sir, that would be a concern.

Mr. CARTWRIGHT. Okay.

Mr. COX. Say that point blank.

Mr. CARTWRIGHT. Thank you. I yield back.

Mr. MICA. Mr. Welch, gentleman from Vermont.

Mr. WELCH. Thank you very much, Mr. Chairman.

It's tremendous to have you all here. It's like you all have experience and accomplishments and practical judgment.

Here's how I see the problem. I'd like to get your reaction. There is in Congress a very serious debate about the size of government. There's a very serious debate about how much we should spend and how much we should tax. But what has happened is that in this debate, every line item in the budget for every negotiation affecting workers becomes a proxy for the different points of view, so that there's no ability to actually step back and ask the questions that you're suggesting we ask about how can we make what we're doing work better and function better.

One of the things I've been appalled at is that we literally can't even agree on the things we agree on here, because if you do that it is perceived by one side or the other that we're caving in on some macro principle. When in fact there's a very simple principle that I hear you all to be advocating for and that's let's make things work, let's not waste money.

One of the proxies has always been anything—Mr. Cox, I appreciate you being here—is we're beating up on the Federal workers as though they created the problem. And that's outrageous. You know, if there's problems, let's deal with them in a direct and straightforward way.

So, in fact, the exact design of the commission you propose, we might have to debate and discuss that. But it is overdue for us to have an opportunity to take a fresh look at what we're doing, how we're doing it, and actually to give Congress this space to focus on practical implementation issues, similar to what you did, Dr.

Kamarck, when you did your reinventing government with President Clinton.

And, by the way, I noticed that you had the boldness to eliminate the Tea-Tasters Board. And I'm telling you it's time to do that again.

So I just want to have each of you make a brief comment about that, because I think some of the apprehension up here is that you're, "intruding into Congressional space." But, in fact, I don't see that, because what you're talking about, as I understand it, is just making the things we do work. You're not asking for this commission to be able to essentially make decisions about the allocation of resources and the political winners and losers, which is fundamentally an elected official position.

Let's start with you, Mr. Walker.

Mr. WALKER. This is not a policymaking body. The policymaking is done by the Congress and the President. This is dealing with the organization, operations of government. This commission could not direct any agency to do anything. This commission is not talking about changing the collective bargaining process. It is how to do things better, to improve performance, to improve economy, efficiency, and effectiveness.

Mr. WELCH. Mr. Goldsmith.

Mr. GOLDSMITH. It seems to me the question really is what's the forcing mechanism going to be to rethink government. And it's a mistake to make it about the public employees, right, there's a whole range of folks who have vested interests in the status quo. The way the committee structure is organized, right? The way the constituent groups and stakeholders benefit from a particular program, right? The way the incumbent vendors are participating, right? The issue is, any time you are considering big change, right, the beneficiaries of that change don't know who they are or they don't believe you, and those adversely affected really know who they are and they really are against you. So the suggestion is you need some forcing mechanism to reconsider the shape and size and methods of government seems to me to be inescapable.

Ms. KAMARCK. I totally agree with Mr. Goldsmith. Commissions, in and of themselves, they're forcing mechanisms. That's what they are. The ultimate authority is congressional authority. But what the commissions do is, think of them a little bit like canaries in a coal mine. Okay? They put things out there. They put thing out there for you all to test, to bring back to your home districts, to see how they fly, to see if they can work. And I think that that's the role that a commission like this could play. And I think historically commissions actually have played that role.

Mr. CHENOK. And the key goal for a commission or any transformation-type initiative is to reach out to the constituents, to the employees, to the managers, to the nonprofits, State and local governments, the whole value chain of organizations that are involved and get their ideas in early, and then use this opportunity to step back, a commission-type structure or other similar-type structure, to say, how do we answer the questions, how do we improve services that ultimately make government work better for the people that we're trying to serve.

Mr. WELCH. Mr. Cox.

Mr. COX. I think your big question, it's about the debate of the size of government. I think the real question is, it's about the debate as to whether the government work is done by government employees or is it done by contract outside workforce. And that seems to be the debate. Government continues to grow. Now the debate is over which employees would do the work and those that would serve the government best in doing it.

Mr. WELCH. Thank you. I yield back.

Mr. MICA. Thank you.

The gentlelady from California, Ms. Speier.

Ms. SPEIER. Mr. Chairman, thank you.

And I want to thank each of you for being here today. There is great discomfort up here for most of your testimony because you are disrupters. And I actually like disrupters. So I'm glad you're here poking at us. You know, we have to look ourselves in the faces and in the mirrors and recognize that only 10 percent of the American people even think we're doing a good job. So we have got to start looking at doing things differently.

So I'm very interested in what you are proposing. I don't know that I would go as far as you're going with it. But I think there's great merit in having commissions that force us to be more introspective in terms of our work.

But I want to focus on something that is probably uncomfortable for all of us, and that's the acquisition workforce. The acquisition workforce in 1990 was 165,000 Federal employees. By 2009, it had dropped to 106,000. They were doing three times the level of work and higher levels of complexity. And with all of that, the question is, what did we get?

And reinventing government, that was embraced by so many of us in the Clinton administration—and, Dr. Kamarck, you were very engaged in that—this is one of the things I've recently read about that. That because the DOD's acquisition workforce was so decimated as part of that reinventing process that what happened was that we relied on contractors to act as lead systems integrators, resulting in a \$13 billion in cost overruns for the Coast Guard's Deepwater program, a billion dollars for the Army's failed Future Combat System program, and another billion dollars for the Air Force Expeditionary Combat Support System, and DHS' failed \$1 billion SBInet.

So we're not doing it right, anyway, it appears to me. I find that the Department of Defense is worthy of great scrutiny. And we internally here do not scrutinize it. I serve on the Armed Services Committee. We can't write blank checks big enough to fund programs.

And I'm curious if any of you have contemplated whether to narrow this commission idea and focus in particular on where the biggest chunk of money is being spent, where we have gone to contractors, have done it internally. It doesn't seem to work either way.

Mr. Walker, you have a comment.

Mr. WALKER. First, DOD has 7 of 30 high-risk areas on GAO's High Risk List, plus they share a number of the others system-wide. I was on the Defense Business Board as an ex officio member for 7 years. And what is envisioned by this commission is it would exist for several years and that it would look at various issues on

an installment basis. There's absolutely no question that acquisition contracting cries out for a priority to be looked at. There's absolutely no question that DOD is a big part of that because they're the biggest acquisition.

I know personally that if you look at the manuals at DOD, they have all the right words but they don't follow those manuals. There's no question in my mind that we don't have enough qualified government employees in the acquisition area with the right kind of skills and knowledge, with the right kind of classification performance system.

So part of the idea would be, is it within the scope? Yes. The question is, what is the priority? And that's something that would have to be done in consultation with the Congress and the President to try to be able to make sure we're focused on the right things to get results as quick as we can.

Ms. SPEIER. Anyone else?

The reference to the Hoover Commission, yes, it was highly regarded. We had a Little Hoover Commission in California, which I was actually a member of for a number of years. But in those cases, it did not force congressional action. It created a sense of accountability. You had to respond to what those commissions were putting out in terms of recommendations.

So I'm wondering to what extent your concept could be modified so it wasn't so much an over—I think it's overreaching to somehow have this commission tell the agencies what to do. So.

Mr. WALKER. Well, first, it can't tell the agencies what to do.

Ms. SPEIER. With the assent of the President, it could.

Mr. WALKER. Well, yeah, the President would tell the agencies what to do. What it would do is it would recommendations to the President or it would make recommendations to the Congress, and those would be the decision makers, if you will. So it couldn't do anything directly.

Secondly, you know, obviously, the legislation would have to determine whether or not Congress ought to be able to amend. You may decide to change that and say it should.

I would respectfully suggest that the institutions were a lot higher regarded in the 1940s and the 1950s than they are today. And I would also respectfully suggest that they were a lot more functional in the 1940s and 1950s than they are today for a variety of reasons. I'm talking about the Congress.

Ms. SPEIER. My time has expired, and I yield back.

Mr. MICA. Thank you.

Gentleman from California, Mr. Cardenas.

Mr. CARDENAS. Thank you very much, Mr. Chairman.

I'd first like to try to put this into context with a question of something that's going on right now in this legislative body when it comes to food stamps. This week, the House will consider a farm bill. Republicans in Congress are framing the debate to highlight food stamp fraud. The debate is, in my opinion, perhaps, an excuse to use fraud as an excuse for cutting food stamp programs.

The farm bill that the Republicans are bringing to the floor would reduce funding for the food stamp program by over \$20 billion over the next 10 years. The truth is that the food stamp fraud is declining, according to a New York Times article published yes-

terday. The rate of food stamp fraud, and I'll say, "has declined sharply in recent years. Federal data shows and now accounts for less than 1 percent of the \$760 billion program." Cutting the food stamp program in the name of reducing fraud, in my opinion, is outrageous.

Mr. Walker, how would your proposal avoid this type of result? How can we be sure that the commission would not be used as a political tool to cut important programs in the name of reducing fraud?

Mr. WALKER. Candidly, I think you make an excellent point. I mean, across-the-board type of approaches don't work. They don't make sense. What this commission could do is it might look at what is being done in order to minimize the possibility of fraud occurring, what are the facts, and what can be done to try to get it as low as possible.

So if it would be making recommendations, it would be designed to find out what's the ground truth with regard to whether or not there's fraud and whether anything can be done to reduce fraud and to minimize it in a way that would save money rather than an across-the-board approach to say that we're going to cut X because we think that there's a certain amount of fraud in the program.

Mr. CARDENAS. Well, at this particular time on this issue that I just brought up, and many issues, there's a lot of academia who have opinions about it, people with Ph.D.s, people who study it, people who actually bring us tangible facts that should help Congress make decisions. What's the difference between us just listening to those minds out there versus having a commission that is actually, in my opinion, just the way it seems to appear right now, having appointment by the President, Speaker of the House, the Leader of the Senate, et cetera, minority leaders, et cetera, that in and of itself to me sounds like it brings a bit of politics to the balance of how we even create a commission.

Mr. WALKER. How it's appointed obviously is subject to discussion and debate. It could be appointed a different way. You want it to be comprised of capable, credible, and nonconflicted individuals, and you want it to be something that there's buy-in from both the President and the Congress, where there's bipartisan buy-in. I mean, ideally, you like them to be nonpartisan players that can get bipartisan support. But this world doesn't work on ideals, unfortunately.

Mr. CARDENAS. See, the thing is, what I've been hearing in this dialogue going back and forth, terms like "improved performance," "a supplement to," I look at this as an artificial way of saying let's just call this the Viagra for Congress or Federal Government. And I'm not trying to be cute, I actually have acronyms: Very Important Academic Gathering of Rigorous Activity.

To me, that's what commissions do. They have a lot of thought, they have a lot of great dialogue, they produce reports, sometimes volumes thick. And yet at the same time the democracy that we have in this country really isn't, in my opinion, it shouldn't be at the end of the day about perceived performance. It should be really about actual performance.

And one of the things that I think Americans forget about is when times are good for that family or for that particular company that they work for, they think that government is too big. They think that government ought to just go away. Yet at the same time, when times get tough, like with the experience over the recent years, all of a sudden people who didn't used to depend on government now depend on government, and they, unfortunately, don't thank their lucky stars that there is that safety net.

Yet at the same time I think that when people talk about Congress has one of its lowest approval ratings, I would venture to say if academics or anybody would go back into history you would hear that there are points in time where elected officials were not held in high regard, generally speaking. Yet at the same time, even when we're down to 10 percent, when it comes to overall Congress, you would probably find that people actually who get to touch and feel and talk to their actual congressional Representative, they think they hold them in a little bit higher regard than 10 percent.

So my point is that what would be the difference between what is going on today and what this commission could possibly actually bring in real, tangible reality, not just perceived reality?

Mr. WALKER. I think Mr. Goldsmith said it. This is a mechanism that will set the table, that will provide a means for Congress to make a decision. The whole idea is to make specific, actionable recommendations—that is not happening right now—and to guarantee that there would be hearings and an ultimate decision. Now, you may decide that there should be amendments in some form, and that's your prerogative. But you need a mechanism where there are specific, actionable recommendations and there's guaranteed a decision one way or the other by constitutional officers.

Mr. CARDENAS. Thank you.

Mr. MICA. Thank the gentleman.

I was going to conclude with some questions, but we'll go to a second round here if members had questions. I think Mr. Duncan had some questions. Recognized.

Mr. DUNCAN. Thank you, Mr. Chairman. I would pronounce your name Dr. Kamarck. But I've heard them say Kamarck.

Ms. KAMARCK. Kamarck.

Mr. DUNCAN. Kamarck is the way?

In your written testimony you say the Federal Government consists of a whole lot of good people caught up in a whole bunch of very crazy systems. Of course, at the time each rule was created, it made sense, solved a problem, and worked in the public interest. But over time the accretion of rules and regulations ends up costing us money and frustrating the public.

I was fascinated with that because I was a lawyer and a judge before I came to Congress, and there are so many thousands of laws and rules and regulations on the books today that almost everybody has violated a law at some point, especially a tax law, but other laws as well. And an innocent mistake is not supposed to be criminal, but a zealous prosecutor can make the most innocent mistake look criminal.

So I've got really two unrelated questions, but the first would be, don't you think that if we set up a commission that one of the main goals should be to wipe a lot of these crazy, unneeded, unnecessary,

confusing laws and rules and regulations off the books so people can understand what they're supposed to do or not supposed to do?

And then secondly, you mentioned a while ago that almost every time there was a problem, it couldn't be taken off the books because somebody was making money off of it. And I've been fascinated by that, too, because I spent 10 years on the Public Building Subcommittee, and all this money came through there for all these Federal courthouses and Federal buildings, and I noticed that State governments were building beautiful courthouses for half the price that the Federal government was building.

And what I'm wondering about on that, I mean, because of waste and inefficiency and the bureaucracy, we've been forced in many ways to go to Federal contractors, yet Federal contractors are making rip-off, unbelievable profits at the expense of the public.

What you do say about those two things?

Ms. KAMARCK. Well, on the first one, I'd say that it is absolutely true that we have a regulatory system that sometimes defies common sense and that we need to go through our regulations agency by agency, toward simplification. It should be easy for people to comply with regulations. They should still achieve their objective of public health and public safety. And we did this, 20 years ago, we did this with OSHA, we did this with EPA, we did this with a whole variety of regulatory systems. And I think it's time for a systematic regulatory review that ends up protecting the public interest but also making it simpler for people to comply with regulations.

Secondly, there are entire professions who love the fact that government is complex and takes a long, long time to do things, because they are the people who then end up being the intermediaries in systems that should be accessible from the public to the government directly. And yet because of complexity what happens is an entire industry of intermediaries, usually much more well paid than the individual citizen, grows up in order to interact with the government. And I think that that's one of the unfortunate results of complexity and letting our system get so complex that individuals can't go to the government directly and complete a transaction with the government without a set of intermediaries.

Mr. DUNCAN. Well, thank you very much.

Mr. Goldsmith, you said a short time ago that the system we have now for Federal employees is unfair to the employees because you have 25 good employees, I think you said, with 100 regular employees, or something to that effect. Do you think, as many people do, that it's too hard to get rid of a really bad employee?

Mr. GOLDSMITH. Absolutely.

Mr. DUNCAN. What should be done about that? Should we reform the civil service system so—

Mr. GOLDSMITH. Yes. I mean, I think we have problems in both ends the system, right? The high performers don't get rewarded well enough, they don't get recognized early enough, they don't get promoted early enough. And the low performers, we don't weed out quickly enough. And the processes we utilize are obsolete. And we, therefore, complain about the results we get.

Mr. DUNCAN. All right.

Dr. Kamarck.

Ms. KAMARCK. One of the things that we could never do 20 years ago was reform the civil service. And I'll tell you the reason, is that Congress insisted on making the topic of civil service reform a debate over collective bargaining. And as Democrats, we weren't going there. Okay. And yet there was no center. Okay. There was no center in the Congress for looking at civil service reforms.

The Federal workforce is not overwhelmingly unionized. Okay. And yet every time you open up civil service reform, it goes right to collective bargaining. And yet there's whole areas of managers, et cetera, who really could use a different, better, more flexible system. And yet the politics takes you right to collective bargaining, and it's kind of a dead end.

So I would hope that perhaps an approach to civil service reform could be developed that gets to some of the core problems, which, frankly, don't have anything to do with collective bargaining.

Mr. DUNCAN. All right.

Mr. Walker.

Mr. WALKER. I just want to reinforce that. This is not a collective bargaining problem. I mean, people ought to have the right to bargain, and we're not proposing to touch that at all. But our classification, our compensation, our performance measurement reward systems are based on the 1950s.

I'll give you a perfect example. At the GAO, we had people who were two levels below in responsibility performing at an average level, making more money than people two levels higher in responsibility performing exceptionally. That's not right. Okay. Now, these were all good people. They were all good people. GAO has great people. But we need to have more flexibility with regard to classification and compensation. And a vast majority of people in government do a good job and a vast majority of them, you know, frankly, are as well educated and as dedicated as anybody in the private sector. I mean, frankly, at least that's been my experience. But they're in a bad system, they're in a system that's based on the 1950s.

Mr. DUNCAN. All right. Thank you very much.

Mr. MICA. Additional questions from Mr. Cummings, the ranking member.

Mr. CUMMINGS. Thank you very much.

Mr. Walker, under the Government Transformation Initiatives proposal the commission would operate a monetary fund. Is that right?

Mr. WALKER. I don't know if that's feasible. The idea would be is if you could create a fund and have it be self-funding after a period of time. I'm not sure that that's feasible under the current appropriations process here in the Congress. Ideally, that's the way that it would work. But it may not be able to because of how Congress works.

Mr. CUMMINGS. The reason why I ask that is in its May 2013 white paper, GTI states that the purpose of the fund is to provide, "financial resources and oversight to support initiatives designed to improve the economy, efficiency, and effectiveness of the Federal government." I understand what you just said. But what type of initiatives would be given money through the fund?

Mr. WALKER. Well, the idea would be is that you want people to benefit from this. Okay. You want the departments and agencies who are part of the process to achieve these economies, efficiency and effectiveness to somehow be recognized and rewarded in some way. If we create this fund, the idea is it might be able to be used when employees come forward and say, look, we have a good idea, some things that could be done that would improve economy, efficiency, and effectiveness. So it's an innovation fund. It's a way to try to be able to take a portion of the savings and to be able to re-invest it in innovation and in continuous improvement with regard to economy, efficiency, and effectiveness.

Mr. CUMMINGS. Now, I know this is a proposal, but would this be allowing private sector initiatives to be eligible for the funding or would it just be for the government?

Mr. WALKER. It's for the government.

Mr. CUMMINGS. GTIs white paper says the fund will be discretionary to the commission and will have no fiscal year boundaries or limitations. Do you propose allowing the commission to be the sole decider in who would be awarded money from the fund?

Mr. WALKER. That would have to be worked out. Candidly, Mr. Cummings, the way that the appropriations process currently works right now, this concept is one that I think has merit but probably won't work under the current rules in the Congress right now. You would probably have to turn the money back in, and then there would have to be an understanding as to how some of that—the commission might be able to recommend to the Congress to re-invest some for certain types of activities, and the Congress would then have to appropriate it. That's the way it would probably have to work. This is a more innovative way, it's a more flexible way, it's a desirable way, but I think under the current rules would be very difficult, if not impossible to make happen.

Mr. CUMMINGS. GTIs white paper also says that the GTI itself could undertake its own innovation or improvement initiative. What's the purpose of that?

Mr. WALKER. Consistent with the scope. In other words, Congress would decide what the scope of GTIs responsibilities would be. For example, one of the things we suggested was you look at GAOs High Risk List. You look at some of the items that have been identified by the Office of Management and Budget that they want to deal with. You look at some of the issues with regarding Inspector Generals. And so once the scope is determined, you know, that would have to be in the legislation, you would determine what the scope, then GTI would have discretion over what to examine, when.

Now, candidly, it would be very important to me that there would be very close consultation with the Congress and with the administration on what gets looked at, when, because the whole objective here is to achieve positive outcome-based results. And so you want both the Congress and the executive branch to say, yes, this is something that needs to be looked at, we agree it needs to be looked at, because the last thing you want is for this commission to do a bunch of work and to make a bunch of recommendations that go nowhere. Then you're not achieving anything. And the objective here is to achieve a very high rate of return on investment. And to do that you've got to have alignment from the Congress and

the President that these are issues and areas that they want recommendations on that they'll act on.

Mr. CUMMINGS. What do you all see as the greatest obstacles to getting to where you're trying to get to? Anybody? I mean the folks that are for the proposal, that is.

Mr. WALKER. Greatest obstacles—what I would say is, is the commissions aren't exactly something people have viewed with favor recently because of the fact that there are many commissions that have existed recently that have not achieved positive outcome-based results. But in our view, the difference is this is about economy, efficiency, and effectiveness, which is an issue that every American cares about. In addition, you know, we're at a time where our finances are under significant strain. And, in addition, we recommend that this be a statutory commission that would guarantee hearings and guarantee a result.

And so when people think about commissions they say, well, we've had commissions, they haven't worked. But the way this is being designed to be aligned is to differentiate between what's worked and what hasn't worked and to deal with an area that the American people cry out and say needs to be dealt with.

Mr. CUMMINGS. You know, one of the things that I see here in the Congress, and I've seen it in life, is that there are things that happen in life that I say are pregnant with transformation; in other words, there are moments of transformation. It happens to all of us. And, you know, the interesting thing is that when those things happen, if you don't transform, it usually gets worse. You know, if it's a bad situation, it usually gets worse. And we see it here on Capitol Hill all the time. And I'm not knocking anybody, but we just saw the gun situation. Nothing happened, you know. And we'll see it over and over, in all kinds of things. I don't want to get too into gun stuff. But just as an example.

I don't know what has to happen to jolt us. I don't know whether it's the sequestration that's happening now to cause people to say, wait a minute, we can't keep going. My constituents ask me, you know, when are you all going to get it together? And I keep telling them, I know we can't keep going down this road or we're going to self-destruct. I mean, comment—I see my time is up. Yes?

Mr. GOLDSMITH. Just real quickly. I mean, I think what you just said is so insightful. This is a time that's pregnant with transformative possibilities, right? We've had huge changes in how government can operate, right, we have wireless tools and GPSs and data analytics, we have things that were totally not even imaginable when the structures of government were set up, right? So we're kind of running government on this kind of, I don't even know, model. I don't think it's the 1950s, as Mr. Walker said, I think it's like 1930s Model T Ford operation with all these new tools and technologies. And it needs some forcing mechanism to rethink the functions of government to give the American taxpayers what they deserve, and it's possible.

Mr. CHENOK. And I think your point about the transformative moment coming at any point and having the ability to take advantage of that is very insightful, Mr. Cummings. So many Federal employees and entities that work with the Federal government are involved in important missions every day in delivering programs.

And they don't have the mission to sort of sit back and say how can we do it better because they're delivering what they're doing on a daily basis. And the commission would be that forcing function, as Mr. Goldsmith described, or a similar process.

Mr. CUMMINGS. Thank you all very much.

Mr. MICA. Thank you.

Mr. Woodall.

Mr. WOODALL. Thank you, Mr. Chairman.

I come from a rock solid conservative district in the Deep South right outside of Atlanta. But I mention Mr. Cummings name regularly these days. The name Elijah Cummings has been mentioned more in the last 6 months than it has in the previous 200 years of our district's influence, because I am so impressed with his pursuit of those transformative moments. I saw everybody's head nodding as he told that story, right up until he got to guns, where he was so far off base, I was surprised. I see him nodding along with that.

But watching heads nod, Mr. Cox, I've actually seen that a lot today. I mean, we're talking about transformative moments. We've got folks on both sides of the aisle looking at a moment of possibility. Even the discussion about can't we reward Federal employees who are succeeding, can't we recognize those folks who are performing, universal agreement that we are under-recognizing and under-rewarding those folks. And your head wasn't nodding during that discussion.

My question to you is, is it your responsibility to represent all Federal employees, the performers and the underperformers? Or is there a mechanism within your organization to be part of the head nodding that says, yes, doing better for Federal employees does not mean protecting the under-performers, it means recognizing the over-performers and getting them the recognition they deserve?

Mr. COX. First, I'm a clinical nurse specialist in psychiatry. So I was taught by profession to not display a lot by body language and things of that nature, but to listen.

Mr. WOODALL. Don't play poker with Mr. Cox.

Mr. COX. As I've listened today, and what I hear frequently when I'm over here on Capitol Hill, there is a lot of conversation about the poor performers, poor performers. Most of us believe that that is a very, very small number. Most people get up every morning, going to their job, wanting to do a great job.

The Federal Government is designed probably that more emphasis is put upon the poor performers and not very much on those stellar performers. The system of pay, 3 years of a pay freeze has not been very kind or motivating to any Federal employee. We understand that. Also, to be able to properly pay, compensate those employees, and to reward and recognize them. There's not a lot of emphasis in the system over that.

Mr. WOODALL. I think that's a yes to my question. You identify very few employees as being under-performers. You identify absolutely the same problem the rest of us do about failure to recognize high performers. You do believe that a misconceived, though widely held belief that if Federal employees are under-performing, is dragging the whole team down. And so you would say there is an opportunity to get the Federation on board with reformers, with Demo-

crats, with Republicans, and free up the space to eliminate underperformers at the same time we free up the space to recognize and reward high performers.

Mr. COX. Yes. And we would certainly say that we believe there are many things already in place to deal with the poor performers. Trust me, in my career, I have seen many of them that were terminated from Federal service. And, you know, as a representative, I remind them frequently they were going to be terminated and they lost their job. I see very, very little time spent on all those people that do a great job.

One thing that I would always raise the caution, and I'd go back to comments I made earlier today about the pay for performance, and we look at that, frequently what I see in agencies is there's a desire to take the money away from lower grade employees that do a great job and that it's very important for what they do to shift that money to higher grade employees because they are more into a pay-for-performance type system, or things of that nature. We believe all Federal employees should be treated fairly in that mannerism.

Mr. WOODALL. Let's talk about shrinking the Federal workforce. Now, one of those other head-nodding moments that we had here at the table was when we talk about those areas of government that might have been critically important in 1930 and maybe even partly necessary in 1960 but perhaps today need to be eliminated and replaced with something different. Does the Federation have the ability to support shrinking Federal Government, shrinking your membership, but in the name of more effective government and as a result a higher regard for your membership?

Mr. COX. We have taken very firm stand that we believe you need to take a serious look at the contracting out. There is a shadow government workforce that is not Federal employees that I suspect is much higher than the number of Federal employees. And as I referred to earlier, the amount of service contracts, and particularly in DOD, and their overspending as such, many times it's been shown that if you can do the work with Federal employees you do it in a more efficient and a more economic mannerism than to have the contract employees.

Mr. WOODALL. Would it be fair to say that the answer to my question of would you be comfortable reducing the Federal workforce was, I think we need to increase the Federal workforce because we have too many contractors? Did I understand you correctly? Because I didn't hearing anything about reduction being something you all could—

Mr. COX. I would certainly think you could decrease the contract Federal workforce, yes, sir. The Federal workforce, in general, when you look at the Federal Government through the years, is still the number of Federal employees—and I have people that's probably absolute experts here to look over here for 20 years ago—there's about the same number of Federal employees. Maybe it goes up a little, it goes down a little. But it has not been an astronomical increase.

If you go corporations, many of those corporations would measure their success by that they now have more employees working for them and doing many more things. So, I mean, when you think

about the Federal Government, if you want it to be like the private sector, most private sectors are constantly increasing their workforce because that's a measure of their success. And I am not recommending that, sir, but I am saying the number of Federal employees out there has stayed fairly consistent through the years. It's the shadow workforce, the contract workforce that has certainly been an astronomical number.

Mr. WOODALL. My time has expired. Again, I thank you all here. Many of you—none of you are working on your behalf, you're working on my of my folks back home, and I very much appreciate that.

Mr. MICA. Thank the gentleman.

The gentleman from Nevada, Mr. Horsford, you are recognized.

Mr. HORSFORD. Thank you, Mr. Chairman. And I am really pleased that after nearly 6 months as a member of this committee, as a freshman, that we're finally starting to talk about the government reform aspects of this committee's charge. And as a former State legislator who has faced very difficult challenges to balance our budget during the recession, you know, reforming, transforming governmental agencies to more effectively serve constituents is what many State governments have done. And I do believe that the Federal Government should be leading the way. And so I really commend this panel for being here and the chair and the ranking member for scheduling this hearing.

Mr. Cox, I do want to echo part of the comment that you made and the need for really employee input into this process. What I learned through the process that we went through in the State was listening to our employees. We were able to identify savings and efficiencies and ideas for how we could reform that we weren't getting from agency heads, that we weren't getting from the directors. It was the rank-and-file people who were talking to constituents every day that have some of the best ideas for how to make government work more effectively. Unfortunately, they are not asked enough. So I want to commend you and your organization for making sure that they are part of that effort.

Dr. Kamarck, it is good to see you. And, you know, you have a very unique perspective since you served as a senior advisor to Vice President Gore during his reinventing government effort, and so I want to ask you a couple of questions about how do you operationalize this. Today we're having a conceptual discussion about the need to reinvigorate this process, but I want to get to how do you do it. So approximately how many individuals worked on the team responsible for implementing the reinventing government effort when you were there?

Ms. KAMARCK. We began with around 400 individuals. Almost all of them were Federal employees who were lent to the White House for this initiative. We had a handful of consultants, mostly writers like David Osborne, who actually did the writing of the report. We had a handful of people from State government who were lent to us under the Intergovernmental Partnership Act, or whatever it is, that allows you to do that. So it was a fairly large team.

We issued the first report in September. Most of the people on that team went back to their agencies. And then we existed for the rest of the 8 years with somewhere between 50 and 70 employees. A couple of employees, like Mr. Bob Stone, who was lent to us by

the Defense Department, the Defense Department was nice enough to give him to us for the duration of the administration. So there were a handful of people like that.

Along the way, we did regulatory reform initiatives, and we would put together teams, mostly from the Federal Government. People that we got from the outside we never paid because we never did have a budget. So they were just volunteers under the FACA Act, and we had to, you know, adhere to all of those rules and regulations.

When we initially started in the first year we also had teams created in every Cabinet department. So, you know, if you were to add all of those people up it would be, you know, 1,600 people or something. But they were in the department working on their own re-invention activities. What we were doing is leading and stimulating this effort throughout the Federal Government.

Mr. HORSFORD. How many government contractors or consulting firms would you say were involved directly on the task force?

Ms. KAMARCK. None.

Mr. HORSFORD. Why not?

Ms. KAMARCK. We didn't see why we should give them this incredible, you know, insight into government so that they could then go make money off it. So we truly believed that it was the employees of the government who had the expertise to tell us what was, you know, what was happening.

Mr. HORSFORD. And these were employees at all levels.

Ms. KAMARCK. Well, they tended to be more senior levels, mostly because they were people who had been around a long time. I mean, our leadership team had 75 years of experience working for the Federal Government, often for several different agencies.

Mr. HORSFORD. Mr. Walker, really quick, the Government Transformation Initiative's current coalition members include Accenture, Grant Thornton, Serco. Between them, these companies have billions in dollars in government contracts. Do any of these entities that are members of the GTI coalition stand to profit in any way from any of the reforms that the GTI might propose or implement and how do you safeguard against that?

Mr. WALKER. Sure. It's about 3-1 nonprofits to for-profit as far as the coalition. Those firms are members of the coalition. They could potentially get some work out of this effort. But whether or not it's going to be a net plus or minus for them over time is very questionable, because it could very well turn out that the most economical, efficient, and effective way for certain things that are being done now would be to be done by government workers under a reformed budgetary process and civil service system.

Mr. HORSFORD. But there are some aspects—and this is, again, something we learned in the State government—

Mr. WALKER. Sure. Sure.

Mr. HORSFORD. —that are actually legislatively required to be done by the Federal Government and can't really be outsourced. Correct?

Mr. WALKER. Correct. Absolutely. And this does not deal with policy matters. Okay. That's a policy decision, okay, that you've made. This has to do with how you organize, how do you execute to try to achieve on mission. That's what it deals with.

Mr. HORSFORD. Okay.

Mr. WALKER. And if I can, I want to show some areas of agreement. I mean, I agree that you have to get employee input. That's a critical part, that's envisioned in our paper. I agree there are very few poor performers in government. We spend way too much time on that. And I also agree that if you're going to have a pay-for-performance system, it needs to be to all levels of the workforce. And that's what we did at GAO, it was all levels of the workforce. It was pay for performance at all levels.

Mr. HORSFORD. Do you envision that government contractors would have any formal role in the work of the commission?

Mr. WALKER. Well, what is envisioned is that the commission would be the body that would decide what was going to be done, who was going to do it, what findings and recommendations would be made. Those would be people that would be capable, credible, nonconflicted, there wouldn't be any contractors involved there, people that would have a conflict. That the work would be done with a combination of outside contractors, and government employees, but that the staffing of the engagements would be such to make sure that there weren't conflicts.

You wouldn't have one particular firm doing all the work, you would have a combined team that would be determined by the commission in order to minimize the potential even appearance of a conflict of interest and that ultimately the decisions with regard to what were the findings and the recommendations would rest with the commissioners, not with the firms or the individuals associated with the firms.

Mr. MICA. I thank the gentleman.

Now I'll yield to Ms. Maloney, who has been waiting.

Mrs. MALONEY. Thank you very much. It's an interesting concept. But how is it different from the General Accounting Office, which is now funded by government and in a bipartisan way to look at government problems, come forward with best practices, call upon the agencies to implement them. We have many hearings on that. They come forward with worst examples of government waste and they make proposals of how to eliminate that government waste. And there have been many attempts to approach this, including Vice President Gore's reinventing government with Dr. Kamarck and also the Grace Commission under former President Reagan. The sunset provision, which Common Cause pushed, that you would have to every 5 years basically justify your existence and show that you were doing a good job or you would be closed down.

And I would say that all of these approaches are more cost effective than what you're proposing. We just had a huge government scandal where the Federal Reserve handed out \$3 billion in private contracts to review foreclosure practices. And some of the finest companies in America did the work. It came back, they said they didn't really see a problem. And they finally stopped spending billions of dollars and decided to just give the money directly to the homeowners that had been wronged.

So what safeguards are there that it doesn't become again runaway government? What we hear all the time is government just keeps getting bigger and bigger and bigger. So we have the GAO

doing it. We have independent groups and not-for-profits reporting to us daily on what they see as problems in government.

And now you're proposing yet another commission that is funded for 6 years, can hand out private contracts to review areas that they're interested in. You come back with an up-or-down vote before Congress. And there's not any indication that the thoughtful work on how you're going to make government work better is ensured. So I just wonder if we are just putting another layer on top of the really good work that the GAO already does for us.

Mr. WALKER. Well, having been head of GAO for 10 years, there are fundamental differences between what we're recommending and what the GAO does. The GAO will not make recommendations—terminate this, cut this, consolidate this, or enhance investments in another item. They don't do that. And, in fact, I'm sad to say that the GAO has actually digressed a little bit within the last few years when they do their High Risk List, that they are no longer identifying which areas on their High Risk List actually require congressional action and that Congress has to be part of the solution. So they've digressed from that.

So what we're talking about is, as you properly point out, Mrs. Maloney, drawing upon the good work that is being done by GAO, by the Inspector Generals, by the congressional committees, by OMB, drawing upon the ideas and expertise of employees at all levels for what their recommendations are, and then creating a mechanism that will result in specific, actionable recommendations that the elected representatives of the people will then be able to make a decision.

You don't get those right now. You don't get what we're proposing. And we believe that that's necessary in order for you to make a decision, yea or nay. Has been discussed today, as you properly point out, whether or not the Congress ought to have the authority to amend. You know, that's something that could end up being modified in this proposal. We do believe that the current system doesn't work. There needs to be a new process to set the table. And we think something along these lines is a way to get that done.

Mrs. MALONEY. What is the projection of how much this could cost to set it up?

Mr. WALKER. We've not done such a projection. Let's go back to something that you mentioned. You mentioned the Grace Commission in 1983. The Grace Commission cost \$75 million. It was also a lot further in scope. It actually dealt with policy issues. We're not talking about that. I'm not saying that's the right benchmark as all. But \$75 million in 1983 is \$212 million today.

Mrs. MALONEY. Well, my time has expired. Thank you for your thoughtful presentation. Thank you.

Chairman ISSA. [Presiding] Thank you.

Mr. Mica.

Mr. MICA. Well, thank you, Chairman Issa.

I sat through the whole hearing this morning and found it kind of interesting banter. The problem you have—and I can go back and relate to Ms. Kamarck, as I was—I came in 2003. And at that time, the focus was on balancing the Federal budget. You had a President, although I disagreed with him on some issues—well,

many issues over his tenure, President Clinton, and he had a rocky presidency—he was committed to—in fact, part of his platform was some reinventing government. And I must say the same for Vice President Gore.

And we worked very closely together. I became the chairman of Civil Service, first Republican in 40 years. I think we had about 8,000 OPM employees, Office of Personal Management. We targeted that, we eased up about 2500 employees, I believe, and reduced from about 8,000 down to 5,000 OPM employees. Made the employees stock ownership.

I say that in the context of the difference of times. No one's mentioned today on the panel the politics or the philosophy of the current administration. The President's been in office going on 5 years. First 4 years, they were committed, and I think the Democrats took over the Congress and went on spend a spending spree that's probably unequalled in history. I guess the first year was \$1.5 trillion more than we took in.

Isn't that about right, David? Mr. Walker?

Mr. WALKER. That's correct.

Mr. MICA. So you had two different times. You also had a Republican Congress that was committed to balancing the budget, which we did. Let's see, we took over in 1995, and we balanced the budget by 1997. In fact, the debate just 2 weeks before 9/11 was what to do with about \$150 billion worth of surplus. And then, of course, you stated, Ms. Kamarck, the difficulties that the Bush administration incurred when the United States was attacked, results of 9/11.

But we're in a different era. We are in an era of political stalemate. There is no way in hell you're going to pass your bill, Mr. Walker, your proposal. We can't agree on a budget. We haven't had a budget. Unless some of you are on a different planet, I don't see that as a solution. It's a good idea, maybe. We've tried BRAC. She's gone. Ms. Maloney cited a host of other attempts. But it's not going to happen.

We can't agree on moving forward. You have a split House and Senate. That was quite different. You had the Republican House and Senate and they were all headed in the same direction.

Mr. Cox has conflicting goals. Mr. Cox, if you read his resume, Mr. Cox, how many employees do you actually now oversee, 650,000? I think it's in the lead of your bio.

Mr. COX. Yes, sir.

Mr. MICA. He's touting he just added 50,000 more. That's also in your bio, isn't it? Didn't you add 50,000 since you became the president?

Mr. COX. That was in my tenure as secretary-treasurer, sir.

Mr. MICA. Well, that's something you're touting, that you've added 50,000?

Mr. COX. Yes, sir.

Mr. MICA. So he headed in a different direction, trying to increase the number of Federal employees. And, of course, try to keep the focus on the contract employees. And Ms. Kamarck cited that most of the reduction of the 400,000 came from contract. Interestingly enough, wasn't it DOD employees?

And while you can bash sequestration, and it's not the way we should do things, it was the only tool at hand, really, to do any-

thing. The same thing happened, I'm getting calls right now from people losing their jobs, going on furlough, because the DOD contract folks are being laid off.

So we have different times. Civil service reform. Again, you must be smoking the funny weed if you think that's going to happen with the way the stars are aligned. It's not going to happen. I mean, we could pass it out of this committee.

Chairman ISSA. The gentleman is not a Californian, so I'd suggest you be limited in that discussion.

Mr. MICA. Well, nor do I visit the shops in Colorado. But, again, it's not going to happen. I mean, this is all well intended.

Tough times require tough measures. Now, you sent a group here, there are some new members along our dais here who are intent on cutting, and they have actually forced cuts. And we haven't had many ways to accomplish that except the sequestration and the pressure that's been applied by the American public, because they do get it. We are going bankrupt to the tune of \$17 trillion. It's only been temporarily curtailed.

So not a lot of questions. I guess some commentary listening to the whole thing. I would love to have some mechanism. We've tried BRAC.

I have a question, too. Simple things. Like some of you know I've been involved—I did extend additional times to the others, Mr. Chairman.

Chairman ISSA. I'm not as kind.

Go ahead, please.

Mr. MICA. But, for example, how many of you would turn over to the—any of you own property? Raise your hand. All of you own property? Okay. How many of you would turn over your property to be managed by the Federal Government? Not too many hands went up. And the audience I think would be the same way.

But we have thousands of Federal properties sitting idle. I have 500 buildings on 7,000 acres the size of Key West just a few miles from here in Beltsville, Maryland, sitting idle and trying to get some consolidation. We've tried a BRAC-type proposal, which actually passed several times I think in the House to deal with just property. We couldn't do it. So it's a very tough time, and sometimes it will take a change in administrations. We had the leadership that was concurrent with a goal in 1993 up to whenever and we did accomplish that. But that's just my observation.

Mr. Walker.

Mr. WALKER. Mr. Mica, I understand your concern that this may not be feasible. But let me tell you that we met, we've met with people on the administration, I'm meeting this afternoon with the new Director of OMB. And I believe that there is an opportunity that you can get administration support for something along these lines. There are very good comments that have been made today about how the concept may have to be modified a number of ways. I understand that.

The real question is, should it happen? And I would respectfully suggest that for the benefit of the United States and for the benefit of the American people the answer is yes. So then the question is, how do we make it happen?

Mr. MICA. Well, thank you. I remain an optimist and I'll use any means. And if you are persistent you can prevail even with overwhelming odds.

Yield back.

Chairman ISSA. Thank the gentleman.

If he's an optimist, you ought to see this cockeyed optimist. I believe that we can and must have it.

Let me just go through a couple of things. Mr. Cox, do you agree that there needs to be a roadmap to modernizing the Federal Government's organization periodically laid out? In other words, we've evolved to where we are, you mentioned nurses that were in various parts of government. Wouldn't you agree that whether they are government workers, contractors, Active Duty, uniform or civilian, isn't there in fact a logical argument to be made that we should professionalize how we treat, for example, nurses, and that a roadmap to organizationally how you ensure, for example, that a nurse on tribal lands and a nurse in a Veterans Administration have the same level of education, the same level of preparation, to the greatest extent possible the same work rules? Wouldn't you say that organizationally that is also part of where you need a roadmap to getting that kind of harmonization of what you expect from your government?

Mr. COX. Yes, sir. And AFGE has actually raised that issue on several occasions, because the nurses in the Bureau of Indian Affairs, the Department of Defense, and Bureau of Prisons have full collective bargaining rights, and the nurses in the Department of Veterans Affairs do not have full collective bargaining rights. So that was something there I think we would certainly agree upon, that they should all be treated in the same mannerism, with full collective bargaining rights.

Chairman ISSA. Well, we might not go quite that far. But certainly we shouldn't have some of covered by civil service, some not. And certainly we shouldn't have different standards for the patient. I think one thing I can be pretty sure of is all nurses think that the same level of care for the patient should be available.

I think Mr. Goldsmith—let me be sure. One of you said earlier, I made notes about the number of signatures. I'm trying if that was Mr. Walker or Mister—there we go.

You know, some years ago, when I was—I think we were on that side, I was way down the dais—we held hearings on Mineral Management Service, the then Mineral Management Service. The one thing we discovered was that you couldn't find a lawyer's written memo for the record on what happened or didn't happen in the case of this investigation. They talked about talking over the transom, which is a nice way for saying, complete deniability of wrongdoing.

And there were, if I remember right, more than a dozen individuals that had to sign leases on Federal lands. And to a person, once you got past the first person who said, I just didn't understand what was supposed to be in there, I was misled, everyone else said, I only got the cover sheet; I was acknowledging that it existed. In other words, I was putting my initials. And so you had a dozen initials, only one of which was a person who may have misunderstood but thought something was correct. Everybody else said, I didn't actually read it.

Is that part of what you were trying to get to in, if you will, single point or at least if it's multipoint, true responsibility?

Mr. CHENOK. Much of any organization as it gets more complex is that every part of the organization becomes part of a process. And you can architect the process so that they're informed and knowledgeable. For example, a simple difference would be instead of routing a policy or a management directive through for signoff, just cc everybody. Have the two or three key people who are involved in the decision process be the ones who sign off and have everybody else understand it and know about it and have the opportunity to comment.

That type of very simple reengineering can change a lot of government processes. When I was an employee, I often saw routing sheets with 12 to 15 signature boxes. And changing that type of process can save a lot of time and get to a decision much more quickly still with the full knowledge of the people that need to be involved.

Chairman ISSA. Mr. Walker.

Mr. WALKER. I had the opportunity to participate in CAPSTONE, which is training for flag officers in the military. And when I was participating in that I found out, as an example of what you're talking about, that 20 different units in the Pentagon had to sign off on activating and deploying 20 members of the Guard or Reserve. Not FYI; sign off and approve. There's absolutely no question there are too many layers, too many players, too many silos. And there's huge opportunity for being able to improve economy and efficiency there.

Chairman ISSA. The DOD is one of my favorite, even though it's not the primary jurisdiction of this committee. I'm often reminded that we fought World War II with the largest single building in America being the Pentagon, and it was filled. We had 10 million men and women in uniform and we didn't have computers. Today, it's still filled. We have a tenth of that and, oh, by the way, we have lots of other buildings we've filled.

Which begs the question of, Ms. Kamarck, when you talked about the reduction, and I'm not trying to disparage the figures, but the figures were about men and women in uniform. That's really where most of that size of the Federal workforce went down. Isn't it true today that with organizations like the TSA, air traffic controllers, having more of them even though we have less flights, that we have tended to build in total FTEs more labor in government? And I use the word FTEs out of respect to Mr. Cox. Including contractors, we have more full-time equivalents on a per capita basis than we had a generation ago, don't we? Excluding our men and women in uniform.

Ms. KAMARCK. Well, the numbers I used did not include men and women in uniform.

Chairman ISSA. In the Department of Defense.

Ms. KAMARCK. And it included the Department of Defense, the civilians, but not men and women in uniform, and not the Postal Service. Okay. I think in—

Chairman ISSA. Well, you can always improve it with the Postal Service as it shrinks.

Ms. KAMARCK. Exactly.

Chairman ISSA. That we do have jurisdiction over here.

Ms. KAMARCK. And it will shrink.

I think that in defense of Mr. Cox there's actually been great stability in these numbers. In 1993, there were 2.1 million Federal civilian employees. It shrank through the Clinton administration. It went up every year in the Bush administration, but mostly because we were fighting a war. So, as you know, the civilian side increases as the warfighters increase. And it is now back to 2.1 million again.

So it went down, it went up. But it's still actually remarkably the same. In fact, if you go back into—I have this now back all the way to 1940—if you go back to the 1970s, it was very big. It was substantially over 2 million. So there's actually been—we're not growing topsy turvy. Obviously, what's growing is the amount of money we're spending. And we do have to ask ourselves, are we spending this money in the most efficient way? And I think that's where the work of your committee, of potentially a commission could come in most valuable.

The question is not getting too hung up on FTEs. This is a big country, it's a big government. The question is, what is this government doing? What are we spending this money on? And do we still have to be spending this same amount of money on all of these functions? And I think that's where you'll get a lot more traction than you will if you worry about collective bargaining, worry about FTEs, et cetera.

Chairman ISSA. Well, I do worry about FTEs, and I do so for a reason, and that is that when he analyze what we get from our contractors versus what we get from the Federal workforce, uniformed and non-uniformed—and I'll share with you a former Secretary of Defense once brought in his team, and we met with them. And what we discovered, referencing the Pentagon, was that there were three people for each job in the Pentagon. We're talking about figuratively.

One, there is the full-time civilian employee who can't be fired, can only be moved around, is highly skilled, not necessarily always highly motivated, is part of a large bureaucracy that sees SecDefs come, sees them go, sees administrations come and go, and tends to be very hard to get to move. Tremendous expertise, great people, but all of that is the case.

Then there's the contractor. The contractor has a limited time, but an unlimited ability to look for plus-ups in the contract on behalf of their employer and is often incentivized to bring complexity, slowness, and expansion to contracts.

Then you have the men and women in uniform that are detailed there. They generally are like I was, an armor officer trying to do an engineer's job. They are not highly qualified for what they are probably doing at the Pentagon in most cases because that's not what they came in the military for. They are highly motivated. They are very outcome oriented. But they are ill equipped both in the sense that often they are not trained for what they are actually doing and certainly they are not trained to go up against skilled contractors and career bureaucrats.

That explanation, which took 4 hours, will stick with me my whole life, which is we need to figure out a way to have one person doing that job. And the question I started this hearing with, my

first question is, how do I find that honest broker? Mr. Cox, by definition, has a fiduciary obligation to his workforce. Mr. Walker, there were statements made but there's a legitimacy that corporate America, particularly that a contractor America, they're trying to make a buck. And the more the better. And certainly expanding is their case.

In procurement, we have outsourced procurement by three methods, and this is an area that this committee has had a lot of hearings on. One, we've outsourced it by actually having contractors in some case, which I still can't figure out how we got it to a contractor looking for contractors. We have outsourced it in the sense that we made determinations that we could reduce the total number of people while finding efficiencies that after the fact we found out we didn't find. The computer systems, the analytics, all the information that was promised didn't happen, but the reduction in the force occurred.

Lastly, we've outsourced it during my tenure when I first entered Federal service as a young private, more than 30 years ago—a lot more than 30 years ago, make that more than 40 years ago—you could not double dip. Today you can be overseeing a contract knowing full well that your career will end and you will be working for one of the people you're overseeing. So the inherent conflict of people who go through the so-called revolving door.

For any of you, and I'm happy to hear all of you because no one else is asking for time right now, how does this committee eliminate that conflict? Meaning, the military officer, for example, who has a second career in the private sector, the contractor whose job it is to increase the bottom line for the stockholders, the Federal employee who, quite frankly, is encouraged to make sure you protect all the Federal employees. Where do I find that honest broker in the process organizationally? How do I change that to where the people making the decisions to the greatest extent possible are not influenced by any of these three forces?

Yes, ma'am.

Ms. KAMARCK. Let me start with this, because it's something I've thought a lot about in my years since I was in the government.

Chairman ISSA. I'm not accusing you of a revolving door.

Ms. KAMARCK. No. Believe me. Brookings is hardly the revolving door.

One of the problems that you see when you look at the Federal Government versus the rest of the workforce is at the bottom Federal employees do fairly well, okay, compared to people with high school educations in the Federal workforce.

Chairman ISSA. Right. The standard argument we have here where we're talking about the numbers overall, the other side, you know, is talking about it relative to the anecdotal examples where—and we have them here in Congress—people are making far less than they could make if they walked out the door.

Ms. KAMARCK. That's right. The top, we have a problem. We have been falling way behind the private sector at the top of the Federal Government. We are not hiring the talent that we need to hire because we can't compete, because there are artificial ceilings. I understand the political problem. The political problem is terrible, right?

Chairman ISSA. Let me interrupt you for a second, Doctor. I'm going to be the devil's advocate here.

Ms. KAMARCK. Yes.

Chairman ISSA. We made exceptions at the SEC, and we found we still couldn't fire somebody who was downloading so much porn they ran out of disk space and had to go buy additional drive capability while making over a quarter of a million dollars a year, because, "they had expertise." And certainly Franklin Raines and others, the Freddie and Fannie examples, they were corporate thieves using taxpayer guarantees and giving themselves huge bonuses, millions of dollars.

We've had exceptions, in a sense. Haven't those exceptions discouraged any additional experimentation?

Ms. KAMARCK. Well, I think what happened is you gave the exceptions. At NIH, there's exceptions. There are exceptions throughout the government. But the exceptions did not come with the accountability, okay? So you've got to, in fact, if you're going to compete in the IT area, in the molecular biology area, all the sophisticated things government does, if you're going to compete for talent with the private sector, you have to offer them the same amount of money or close to it that the private sector makes, but you also have to take away the job security that has been part and parcel of government employment, and you've got to evaluate them on the basis of performance. Defined performance metrics.

Now, we began an experiment 20 years ago of trying to write performance agreements with heads of agencies. The concept kind of fell by the wayside, it was too hard to do. But 20 years later it may be something worth bringing up again, because the fact of the matter is when you hire a CEO, when you hire somebody in the private sector, there are certain metrics they're supposed to meet in return for their large salary.

In the government, what we've done is sort of the worst of both worlds. In some places we've increased the salary, but you didn't put the performance metrics. And I think that for the top of Federal management, because this is where the problem is, is at the top, it's not the sort of—

Chairman ISSA. So the Senior Executive Service of sorts.

Ms. KAMARCK. The Senior Executive Service, we've got to do two things simultaneously: increase their pay and increase their accountability for performance. And we haven't really done that, and that's why we've got these muddles that you're talking about.

Chairman ISSA. Mr. Cox, how do you feel about that? If I'm paying \$200,000 and above, should people be represented by unions and covered by civil service or is there a point at which these jobs are not the jobs that were envisioned by that process?

Mr. COX. I would go to what the individual is actually doing. When we make reference to the senior executive employees, AFGÉ doesn't represent those employees.

Chairman ISSA. How about when somebody becomes a supervisor and, in fact, may be mistreating your line employees. At what point do we do that? And that's not the subject of today, but I couldn't resist asking.

You know, I don't want to dramatically change civil service and the level of unionization of the Federal workforce, although I'd like

to have better accountability of how many shop stewards don't do any work but spend their whole time on union activity. For the most part, it's a status quo that I came here to accept.

So is your position what they do? The question is, does that mean that at what level of supervisor or manager do you feel that we should make people effectively at-will employees, that would be in the private sector. And, by the way, a guy writing code and making hundreds of thousands of dollars and having stock options is generally at-will in the private sector and, more importantly, is used to being portable if he's good.

Mr. COX. I understand that. But many of the Federal employees, managers also, there's rules and regulations. They have protections. Senior executives—

Chairman ISSA. Lois Lerner is on administrative leave. We're very aware you can take the Fifth, or try to, and still have full pay. As a matter of fact, there's a shrink sitting in prison right now waiting to be tried for murder, and he's still getting full pay and benefits. The Federal Government is different.

I guess one of the questions is, Mr. Cox—I'm not going to ask you to answer this—but one of the challenges from the dais is if there are special protections, shouldn't there be a discount to what we pay if we're giving somebody effectively a better benefit? Not worrying about the rise and fall of jobs. You mentioned in your opening statement no RIFs. Well, if I can't do a RIF like I can't do at the post office, then I have people for whom I have no work that are causing me to lose money in a force that should be able to deliver an excellent product if we could simply right-size the workforce.

So I'm very aware of what happens when you have no alternatives. I just wonder sometimes from this point is, what's that discount worth? Historically, you got security as a government worker, but you got less pay. Now Dr. Kamarck and others are saying we need to change that and get comprehensive pay, but the security change is part of it, at least if I understood you correctly.

Ms. KAMARCK. At least at the executive levels, for sure.

Chairman ISSA. Okay. Well, I could go on for longer than is fair to any of you. I'm going to close.

Mr. Walker, something.

Mr. WALKER. Yeah. Let me just give you several thoughts, Mr. Chairman. First, as I said before, you need a plan, you need a budget, you need performance metrics. The country doesn't have it. We need it.

Secondly, with regard to individuals and organizations, you need properly designed incentives, adequate transparency, appropriate accountability.

You need civil service reform. You need budget reform. In each major agency, including the Department of Defense, we need a chief management officer, statutory qualification requirements, level 2 performance contract, term appointment, focusing day to day on how do we improve economy, efficiency, and effectiveness, and transform government. And last, you need GTI.

Chairman ISSA. Well, very good. Always a salesman.

We could go on, but instead I'll tell you that we're going to have more hearings on this. I opened with one simple preface, which is I think there are too many people who theoretically are Cabinet

and Cabinet-like positions, and we have an expectation that they are running organizations that to a great extent they not only can't, but if they were viewed for qualification, they're more qualified to make speeches about the organization—and this is under Republican and Democratic administrations—they're more qualified to make speeches about the organizations than they are to run the organizations.

So, Mr. Walker, your closing comment was very good. Any reorganization of government has to be about how do we find accountability of those who actually do and oversee versus who are the advisors to the President and how do we organize his advising team? This all comes because our President of the United States asked for reorg authority, but I discovered that what he wanted was a couple more Cabinet positions. And I believe that he can have as many people running as many agencies as are necessary, but that has very little to do with how many people theoretically sit at a table that has to squeeze a few extra chairs in over the last few years.

I thank you all for your patience. We ran longer than we planned to, but I was part of the problem. We stand adjourned.

[Whereupon, at 12:22 p.m., the committee was adjourned.]

