

HAS THE FEDERAL GOVERNMENT
BECOME AN “AWFUL SPECTACLE”?

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A nation, without a national government, is, in my view, an awful spectacle. The establishment of a Constitution, in time of profound peace, by the voluntary consent of a whole people, is a prodigy, to the completion of which I look forward with trembling anxiety. I can reconcile it to no rules of prudence to let go the hold we now have, in so arduous an enterprise, upon seven out of the thirteen States, and after having passed over so considerable a part of the ground, to recommence the course. I dread the more the consequences of new attempts, because I know that powerful individuals, in this and in other States, are enemies to a general national government in every possible shape. (Wright 1961, 547)

Evidence is all around us of dwindling confidence in government and its ability to respond effectively to evident challenges, national and international, economic and political. Some of these complaints are a clear reaction to a political agenda, and deepening polarization, but they have a core of reality. However, the United States desperately needs more accountable, efficient and productive government at every level. The financial challenge is evident, so are the international and domestic problems that threaten the nation's future.

THE CASE FOR REFORM

Many Americans have come to believe the worst about the federal government. Some of these doubts are rooted in partisan conflict and a drumbeat of anti-government rhetoric, but some are rooted in the escalation of government failures. Americans pay close attention to the news of the day—the sluggish jobless recovery, terrorist plots, poorly supported soldiers, poisoned food, vacancies in the top jobs of government, waste and improper payments to undeserving citizens and corporations—all which seemingly reinforce the federal government's persistent inability to assure the highest performance possible. As exaggerated as some of the criticism may be, there is more than enough evidence of lapses in performance to fuel the distrust.

Political polarization is both a reflection and a cause of the perceived administrative failures. But there is enough evidence imbedded in recent governmental breakdowns, ethical breaches and outright fraud to feed the distrust. While low rates of trust may temporarily favor a minority party, radical shifts in legislative majorities over the past few election cycles are further proof that the American people are desperate for change. In short, this is not a partisan issue—Republicans and Democrats alike have been and will be held accountable for government's poor performance.

There is no question that trust has reached a dismal low. Even as they demand deep budget cuts, Americans want more of virtually everything the federal government delivers. At the same time, they have come to believe that Washington is trying to do too much in these trying times, and are increasingly frustrated (52 percent) and even angry (25 percent) with the federal government. Only 21 percent of Americans interviewed last

year said they were basically content with government, while only 25 percent said they trusted the government in Washington just about always or most of the time. The problem is not so much *what* government does, but *how* it works.

Former Federal Reserve Board chairman Paul A. Volcker has made the case repeatedly over the past twenty-five years. His two National Commissions on the Public Service focused on what the first commission called a “profound erosion of public trust” and the “quiet crisis” in government performance. The 1989 Commission warned, “such distrust, if continued, may undermine the democratic process” because it “acts as a disincentive to potential recruits who too often associate public life with frustration or breaches of integrity.” Fifteen years later in 2003, the second National Commission on the Public Service concluded that this quiet crisis had become a deafening roar. We see the result in unsuccessful, redundant, wasteful, and counter-productive efforts in government.

THE THREE BARRIERS TO HIGH PERFORMANCE GOVERNMENT

Every president since Franklin Roosevelt has entered office promising government reform, but none has quite succeeded. Instead, today’s federal bureaucracy remains anchored in organizational strategies and structures invented in the 1930s and rarely updated since. “If major financial, health and education overhauls are indeed sorely needed to improve the quality of life of Americans,” Paul Volcker has argued, “so too is a federal service reform that will equip the federal government with the tools that I need to successfully implement reforms and carry out existing missions.”

This is not to argue that the federal government fails at every turn. Federal employees accomplish miracles every day, often struggling against the bureaucracy to create measureable impacts through their work. Moreover, most Americans agree with the federal government’s basic mission—no sensible person wants to weaken cancer research and the prevention of life-threatening pandemics, the effort to protect food, drugs, and water, leadership in science and technology, and least of all the assurance of a highly effective and affordable national defense. But in order for the federal government to performance at its highest-level comprehensive reform is needed to solve the three challenges that continue to erode the performance that Americans deserve:

The Accountability Challenge: With the government’s ever-expanding mission, it is often impossible to know where the “buck stops” or what agency is responsible for the execution of which task. Not only is the federal government’s program agenda riddled with duplication and overlap, it remains encumbered by administrative structures that diffuse accountable and confuse the chain of command.

The bureaucratic bloat is easiest to spot at the top of the federal organization chart in the proliferation of needless management layers. In a sentence, there have never been more layers in government or more leaders per layer. The total number of senior officers increased from 451 in 1960 to more than 2,600 in 2008. More than 500 of these senior

posts require Senate approval, but move through the White House and Senate at such a sluggish pace that it now takes more than a year on average for an administration to finally fill these top positions.

Accountability is not only lost up the vertical hierarchy within departments and agencies, but it is also lost along the horizontal chain of coordination between duplicative and overlapping programs. According to the Government Accountability Office, there are seven departments and agencies currently working on U.S.-Mexican border water quality, and 20 involved in managing federal cars, trucks, and airplanes; there are also two-dozen presidential appointees on top of programs to prevent bioterrorism; the FBI and Bureau of Alcohol, Tobacco, Firearms and Explosives are still working in separate silos on controlling explosives; there are now 15 agencies assigned to food safety and separate health programs for each of the armed services; and there are 18 programs for food assistance 44 programs for employment and training programs, 54 programs for financial literacy, 80 programs for economic development, 82 for teacher quality, 100 programs for surface transportation.

2. The Effectiveness Challenge: The public perception that government is both ineffective and inefficient fosters mistrust in government's willingness to do its job well, particularly at a time of huge deficits, rising expenditures while the private sector continues to seek excellence in efficiency and innovation.

American people are right to worry about fraud and waste and abuse. Much more of the government's work today is outsourced, without clear guidelines as to the net benefits or costs of such an approach. In 2008, the federal government spent \$188 billion on noncompetitive contracts, a figure that increased by 229 percent since 2002 (\$84 billion). Additionally, cost-reimbursement contracts, which are highly inefficient, grew from \$71 billion in 2000 to \$135 billion in 2008. A major part of the inefficiency problems likely come from the state of federal procurement professionals themselves. The Acquisitions Advisory Panel found that "since 1999 the size of the acquisition workforce has remained relatively stable, while the volume and complexity of federal contracting has mushroomed."

The acquisition workforce is only one part of the federal government's under-performing administrative infrastructure:

- Thirty years after Congress and the president created the Office of Inspector General to monitor government economy, efficiency, and effectiveness, the offices are understaffed and rarely focus on how to prevent mistakes early enough in the regulatory and legislative process.
- Twenty years after Congress and the president created Chief Financial Officers in every agency to produce audited financial statements, there continues to be a lack of financial discipline and systems for reducing wasteful expenditures.

- Fifteen years after Congress and the president enacted the Government Performance and Results Act, many agencies are unable to measure the impact of their programs as a tool for rewarding high performance and winnowing failure.
- Finally, more than a decade after Congress and the president created Chief Human Capital Officers and Chief Information Officers in every agency, the federal government's information systems remain antiquated and poorly designed, while the federal government's human capital system continues to fail at virtually every task it undertakes.

Rebuilding this infrastructure is essential for assuring the highest-possible performance across government. Statutes must be revitalized and enforced, while agencies must provide the leadership to assure a full embrace of the need for change.

3. *The Productivity Challenge*: Poor leadership, scarce or misaligned resources, and underperforming staff within the federal government have led to a federal workforce that is inconsistent at best. Yet a highly productive federal workforce is critical to high performance. The government's ability to prevent a crisis, respond to a disaster and to answer routine but important requests and needs of citizens depends on the strength of its leaders, well trained workforce and teams that have the resources necessary to complete its tasks. The greatest barriers to a productive and energetic workforce are a lack of performance incentives and disciplinary actions, unqualified leadership and insufficient training.

Leadership at the federal level has been inconsistent at best, negligent at worst. Leaders of agencies typically are often too focused on "policy" instead of management; and in the worse cases, they are unqualified and serve solely a political purpose. Only 44 percent of federal employees believe that the leaders of their organizations generate high levels of motivation and commitment in the workforce. Similarly, 45 percent said that they were satisfied with the policies and practices of their senior leaders. This leadership crisis is especially critical now as a large portion of the workforce faces retirement (the percentage of the workforce that was older than 55 rose by more than 60 percent between 1998 and 2008).

Compared with the private sector, the government has failed to create strong incentives for high performance. Automatic pay raises and inflated employee evaluations have done little to encourage productivity. In fact, 45 percent of the federal workforce believes that pay raises do not depend on how well employees perform their jobs; 41 percent do not believe that steps are taken to deal with a poor performer who cannot or will not improve. Although many agencies have created their own pay systems to improve productivity, efforts to implement pay-for-performance systems have generally been unsuccessful and poorly implemented.

REVERSING THE AWFUL SPECTACLE

There have been many reform proposals since the last major overhaul of the federal government in the early 1950s. Many of these reforms are now in place, including bipartisan efforts by Democrats and Republicans alike. However, many of these reforms need to be revitalized and more fully implemented, while many others are still pending.

It is time to consider a comprehensive reform package as a visible signal to the American public and the federal establishment that the time for piecemeal reform is over. Not only would a comprehensive package produce greater accountability, effectiveness, and productivity in government, it could reduce the federal debt by as much as \$1.5 trillion over the next decade. Driven forward by an action-forcing mechanism such as a variation in the military base-closing commissions, Congress and the president should be able to reach agreement on a list of common-sense, but high value reforms. Consider the following list of reforms and estimated savings as a possibility:

FEDERALIST NO. 85 APPENDED

There is no shortage of compelling ideas for improving government performance today. To the contrary, the problem is not a lack of ideas, but too many ideas that tack relatively small issues and lack strategies for implements. Almost all of the ideas cannot be scored for savings using the current congressional budget scoring system developed by the Congressional Budget Office. The result is that Congress and the President are deluged with good ideas for action but with no implementation mechanism or compelling case for action during these times of intense budgetary stress. Simply put, if government reform is into a “scorable event” it is not considered a legislative priority.

If Publius was writing again today, I suspect he would embrace a top-to-bottom clean up of the federal government’s administrative structure and rules. It is time to consider a comprehensive reform package as a visible signal to the American public and the federal establishment that the time for piecemeal reform is over. Not only would a comprehensive package produce greater accountability, effectiveness, and productivity in government, it could reduce the federal debt by as much as \$1.5 trillion over the next decade. Driven forward by an action-forcing mechanism such as a variation in the military base-closing commissions, Congress and the president should be able to reach agreement on a list of common-sense, but high value reforms. Consider the following commentary from Publius as a list of possible reforms toward creating an accountable, efficient, and productive administrative state:

As we survey the current condition of the national government, we see numerous opportunities for improvement. The appendixes already suggested in this special issue of the Public Administration Review have addressed many. However, we believe the administrative apparatus of government also needs special attention in the pursuit of the faithful execution of the laws:

ACCOUNTABILITY

1. Eliminate 1,500 Senate-confirmed presidential appointees and presidential at-will appointees in the non Career Executive Service and the Schedule C classification category.
2. Reduce the number of management layers in the federal hierarchy by half, while setting a goal of no more than six layers between the president of the United States and the service delivery layer of the hierarchy.
3. Rebalance the federal workforce to eliminate senior level positions that are not essential to an accountable, efficient and productive government:
 - a. Reduce the number of higher-cost GS 13 to 15 managers and professionals using a one-for-two ratio replacement ratio after they separate or retire. This ratio would be implemented after evaluating each vacancy before it is filled or eliminated.
 - b. Strengthen the service delivery levels of government by increasing the number of employees using a two-for-one replacement ration after they separate or retire.
 - c. Create a pay-go system for the creation of new presidential positions and management levels. The PAYGO system would prohibit the creation of any new appointed positions and layers without a one-in-one-out policy.
4. Strengthen oversight of government performance by increasing the number of acquisition, information technology, inspector general, and Government Accountability Office employees.
5. Use the Government Performance and Results Modernization Act not only to establish priorities to measure success and eliminate non-essential programs, but also to target mission overlap, but also to divide agencies and bureaus with conflicting missions.
6. Require Congress to prepare and review administrative impact statements for all pending legislation.
7. Transfer responsibility for “scoring” the fiscal impact of specific legislation from the Congressional Budget Office to the Government Accountability Office.

EFFICIENCY

1. Seek at least \$1 trillion in savings over the next ten years through an aggressive attack on wasteful government spending:
 - a. Eliminate at least half of the \$150 billion in federal improper payments within five years, and all improper papers thereafter;
 - b. Dispose of the federal government's unnecessary real property, including 14,000 properties that are underutilized or vacant.
 - c. Eliminate the \$300 billion backlog of delinquent tax through aggressive collection efforts, and prevent further delinquency through effective enforcement;
 - d. Consolidate and thereby sharply reduce, the number of separate data centers, while developing effective standards for sharing data across agencies and with the public;
 - e. Streamline the federal acquisitions process, while enhancing competition and planning;
 - f. Terminate failed weapons systems, information technology projects and new programs at the earliest sign of failure, thereby reducing the amount of sunk costs in unworkable programs;
 - g. Reduce the contract workforce (now estimated at 7.5 million jobs) by 500,000 positions.
2. Identify duplication and overlap across federal programs followed by immediate consolidation.
3. Improve and encourage innovation in the federal government:
 - a. Establish innovation investment funds within all federal agencies for improved government effectiveness;
 - b. Expand the current administration's SAVE award to include a one billion dollar-plus savings award with a \$100,000 prize to individual or team that presents it.

- c. Invest in programs for preventing long-term costs by early interventions in areas such as juvenile diabetes, early childhood education, literacy, health research, and technology development.

PRODUCTIVITY

1. Establish accurate and effective measures of government productivity, and set a goal of a three percent gain in productivity each year.
2. Streamline the presidential appointee process. Congress needs to enact legislation requiring: (1) the President to make nominations within 120 days of a vacancy; (2) the Senate limit the personal use of holds to no more than 30 days; and (3) the Senate to discharge its advise and consent within 120 days hence.
3. Create an effective results-based pay-for-performance system for all federal employees with waivers for work-group based pay for performance, while building effective training and monitoring systems for assuring fairness in the system.
4. Provide leadership, resources and training for high performance government:
 - a. Reform the Senior Executive Service (SES) to restore its original intent as highly mobile workforce;
 - b. Identify federal training budgets as a line item in the President's budget and set a goal of increasing training to match private sector investment;
 - c. Expand hiring opportunities for bringing outside talent into jobs at all levels of government, while limiting automatic promotions and step increases based on time on the job and seniority;
 - d. Accelerate and streamline the hiring process to reduce delays in replacing essential employees.
5. Establish precise definitions of pay comparability that measure job requirements as the basis for implementation of the Federal Employee Pay Comparability Act, while basing pay comparability on the expertise needed to perform specific jobs.

IMPLEMENTATION:

We have reviewed the many contemporary recommendations for achieving these audacious reforms, , including the creation office of federal management (OFM) within the EOP, a new bipartisan commission modeled on the two national commissions led by former president Herbert Hoover more than sixty years past, a civilian fast track commission modeled on the military based closing commissions, and restoration of the president's reorganization authority.

All of these proposals share a concern for both identifying and fast-tracking legislative action, but do not provide the needed administrative capacity and agility for quick deficit relief. The challenge is to meld fast-track consideration with the deep analysis and judgment needed for making difficult decisions. Moreover, the kind of comprehensive action described above requires a clear mandate, adequate staffing, and full authority to act, including fast-track reorganization authority—in short, a new quasi-independent government agency tasked to act.

1. Establish a Government Reform Corporation to develop legislative proposals for immediate action through fast track, up-or-down votes.

The federal government already has modest experience with the use of special agencies to dispose of troubled assets, outmoded programs, obsolete agencies, and demobilization. The most notable recent success in using such entities for reorganization involved the Resolution Trust Corporation (RTC), which closed 750 thrift companies totaling \$400 billion during its five years in operation. Building on the RTC model, a Government Reform Corporation (GTC) could do the same for the federal government as a whole. Operating as a time-limited, highly- agile, quasi-independent agency, the GTC would have full authority to submit reorganization plans with fast-track consideration by Congress and the President.

CONCLUSION

It is not at all clear that Congress and the president will ever embrace this kind of package of very painful reform. What is clear is that the federal government is long overdue for comprehensive action. It has been almost sixty years since former President Herbert Hoover led the last streamlining effort. During that interregnum, the bureaucracy has steadily thickened with reporting chains to nowhere, wasted motion, ineffective accounting systems, and needless rep tape.

However, even if comprehensive reform does not produce significant savings, the nation deserves a faster, more responsive government. The federal government needs the right employees in the right programs with the right resources to honor the promises its institutions make.

Dr. Paul C. Light

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Committee on Oversight and Government Reform
Witness Disclosure Requirement – “Truth in Testimony”
Required by House Rule XI, Clause 2(g)(5)

Name: _____

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2009. Include the source and amount of each grant or contract.

None

2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

None

3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2008, by the entity(ies) you listed above. Include the source and amount of each grant or contract.

None

I certify that the above information is true and correct.
Signature: _____

Date: _____

2/14/12