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File REGO

TO: David, Mark, Dee Dee  
FROM: Marla  
DATE: Wednesday, September 8

Attached please find the handout we will give the media in Cleveland. This information should not be distributed prior to the event.

Thanks. Marla.

Mark H.

# **The National Performance Review**

## **Creating a Government that Works Better and Costs Less**

### **Strengthening the Partnership with State and Local Governments**

#### **Major Recommendations**

#### **Improving Coordination, Reducing Red Tape**

Fundamental change is needed to ensure that government at every level -- federal, state, and local -- provides its customers with high-quality, low-cost services. Red tape and federal mandates must be cut. Performance must replace process as a measuring stick. Barriers between programs must come down. And, state and local governments must have more flexibility to design and implement programs that meet the needs of their citizens and not just the requirements of federal rules. To the average citizen, a tax is a tax and a service is a service, regardless of which level of government is responsible.

#### **Federal-State-Local Relations Today**

- o More than 600 federal grant programs will spend more than \$226 billion in FY 94. This is one-third of all federal domestic spending.
- o About two-thirds of the grants are for less than \$50 million each; the number of separate grants has grown by 50 percent in the past decade. For example, there are more than 140 federal programs to assist children and their families, and more than 150 job training programs.
- o The mandates and regulations accompanying these programs are cumbersome and costly. For example, the federal government spends about \$19 billion a year in administrative costs for these programs.
- o Though federal aid to states and localities has declined during the past 15 years, the number of mandates has doubled. As of December, 1992, at least 172 separate pieces of federal legislation require states and localities to act on issues ranging from drivers licenses to asbestos removal in schools. Most of these mandates are not accompanied by funds to implement them.

## Improve Services to People

The number of grants must be consolidated. We join the National Governors Association and the National Conference of State Legislatures in supporting the consolidation of 55 existing grants into six 'flexible' grants to better improve services in job training, education, water quality, defense conversion, environmental management, and motor safety. But we must do more.

States should be allowed to design 'bottom-up' solutions to their specific problems, instead of being forced to take 'top-down' direction from the federal government. They should be allowed to mix funding from different programs with simple notification to Washington, when combining grants smaller than \$10 million each. For amounts greater than that, they should be allowed to negotiate grant consolidations.

The focus will be on performance -- on what outcomes will be achieved, not on precisely how they are achieved. At the same time, legitimate federal interests, such as equal employment opportunity and worker health and safety, would be protected.

## Enterprise Board to Improve Coordination

To improve coordination and services, the President will create a cabinet-level Enterprise Board to oversee new initiatives to help strengthen communities. With leadership from the Vice President, the Domestic Policy Council and the National Economic Council, this board will look for ways to cut red tape and regulation on federal programs. It will be committed to solutions that respect 'bottom-up' initiatives instead of 'top-down' requirements, beginning with the nine Empowerment Zones and 95 Enterprise Communities authorized in the President's recently-passed economic plan.

## Relief from Regulations, Mandates, Red Tape

Moving from process to performance means allowing states and localities to get out from under unnecessary rules, mandates, and regulations. We are recommending that unfunded mandates -- requirements that come without money -- be limited. Cabinet Secretaries and agency heads should be able to grant states and localities waivers from federal regulations or mandates.

The reimbursement procedures for administrative costs claimed by state and local governments for operating federal grant programs should be simplified. States and localities should be able to choose a fixed fee-for-service option that would set the rate of reimbursement based on each jurisdiction's performance. Fees would be paid in a lump sum, not through complex allocation plans. This would save the federal government more than \$3 billion over five years.

States and localities should be required to certify once that they will comply with federal laws, instead of every time they receive a federal grant - eliminating tens of thousands of useless forms. And, they should be allowed to use simplified purchasing procedures more often, with a cap on such purchases raised from \$25,000 to \$100,000. Some estimates suggest this will save states and localities up to \$500 per procurement action.

## Cleveland's Urban Land Project and the National Performance Review

Cleveland's Government Action on Urban Land Project is a model of reinventing government at the local level. Under the leadership of Mayor White the City of Cleveland has moved to reverse a decade of urban decay by relying on two of the cornerstones of the reinventing government movement -- cooperation across government boundaries and cutting red tape to get results.

**1. Cooperation across government boundaries.** The Urban Land Project is governed by a Task Force under the leadership of the County Treasurer and the County Prosecutor. They coordinate the work of seven governmental entities -- the prosecutors office, the Treasurer, the Auditor, the Sheriff, the Clerk of the Court, the Court Administrator and the Recorder.

In addition to the above, which all have to be coordinated in order to accumulate the land for the land bank, the Project includes a representative of the Community Development Department and involves the Housing office.

Not only is government involved in making this effort successful, the private non-profit sector is also involved. Three private foundations have made grants and low cost loans since 1991 in support of private land acquisition and site development for major new housing projects.

The Cleveland project involves municipal agencies working under municipal laws. What the Vice President and the members of his task force heard time after time from state and local officials was that the attempt to integrate government resources, difficult under any circumstances, is nearly impossible where the Federal government is involved. As any frustrated local official knows, the Federal government administers more than 600 grant programs. Each and every one of them have their own set of rules and regulations. The effort to combine small pots of money and to rationalize regulations into a workable program at the local level becomes nearly impossible if the Feds are involved.

This should not be the case. The federal government should be fostering local innovation not standing in its way. In order to do that we recommend a dramatic turnaround in the way the federal government relates to the states and localities. In the National Performance Review's report we recommend that states and localities be allowed, indeed encouraged, to design "bottom up" solutions to their specific problems. With a simple notification to

Washington they should be allowed to mix funding from different programs when dealing with grants of \$10 million or less. For amounts greater than that, they should be allowed to negotiate grant consolidations.

No longer will a bunch of bureaucrats in Washington presume that they know the best way to deliver services in Cleveland or in any other city. Federal programs should not be the enemy of innovation; they should be the catalyst for innovation.

To show we mean business the President will create a new Cabinet level Enterprise Board to oversee new initiatives to help strengthen communities. This group will be led by the Vice President and the White House policy Councils. Its mission will be to look for way to cut the red tape and regulation on federal programs that get administered in states and localities.

**2. Cutting red tape to get results.** Under the streamlined procedures worked out with the agencies of government listed above, the City has increased the number of foreclosure cases completed from 183 in 1986 to 1,764 in 1992 -- a stunning increase in efficiency. They have done this while providing for the due process required by law in these cases. Furthermore they have increased the amount of money collected from delinquent taxes -- from \$725,000 in 1986 to \$13,559,000 in 1992. Finally, with the aid of the private non-profit sector as well as the government entities they have increased the number of new housing units -- from 89 in 1986 to 653 in 1992.

What the Urban Land Project shows us is that cutting red tape does lead to results. The National Performance Review recommends several changes that would drastically reduce the amount of red tape that states and localities encounter when they deal with the federal government. For instance, states and localities should only be required to certify once that they will comply with federal laws, instead of every time they receive a federal grant -- eliminating tens of thousands of useless forms. Furthermore, using simplified purchasing procedures for items purchased with federal money could save states and localities up to \$500 per transaction.

But the real benefits of cutting red tape cannot be measured solely in dollars. The real benefits come from freeing up government workers to concentrate on the task at hand - providing the best services possible for the lowest price possible - to the taxpayers.

By changing the relationship between the federal government and the states and localities our goal is to make the federal the incubator of new and innovative programs like the one we have seen here today

## CUYAHOGA COUNTY URBAN LAND PROJECT

Cleveland, Ohio

The Cuyahoga County Urban Land Project is a cooperative and dynamic city/county partnership that has helped reverse a generation of urban decay. In the mid-1980s, Cleveland was struggling to carry more than 35,000 tax-delinquent properties representing more than \$85 million in virtually uncollectible arrears. The city was in danger of losing its bond rating. In addition, entire neighborhoods, like the Hough area, had been devastated by 20 years of physical deterioration, vandalism, and abandonment as citizens fled to the suburbs.

Confronting these challenges, Cuyahoga County streamlined its traditional foreclosure process, which had taken up to seven years to complete, and instituted a land-bank program. Working under legislation unique among the 50 states, the county's new system takes only eight months to complete. Foreclosures have risen steeply from 183 a year in 1986 to 1,764 last year.

The county initiates foreclosure actions on tax delinquent properties. The tax delinquent vacant and abandoned properties are processed through a streamlined but constitutionally sound foreclosure process. The properties are sold at a sheriff's sale. If the property does not sell at the sale, the taxes are stripped and the property is placed into the City of Cleveland's Land Bank for marketing.

The concept of placing the properties into the Land Bank is quite simple. First, the taxes are removed from the property which reduces the county's tax duplicate and protects the bond rating. Second, the properties are usually worthless by themselves. However, when the parcels are pooled together and marketed by the county, the properties are attractive to developers who can acquire lots for about \$200. A comparable lot in the suburbs would cost \$40,000.

Support from developers, community groups, and lending institutions has made it possible for the construction of homes located five minutes from downtown Cleveland. The 30-year mortgage on the homes begins at an affordable \$425 per month. Increasingly, developers are seeking to acquire once worthless properties, revitalizing the city by turning dumping grounds and crack houses into housing units and commercial centers.

The Church Square Shopping Center is an example of one such commercial center. The land assembly for the project included 15 land bank properties, private acquisition, vacation of city streets and city-assisted private acquisition. It is a 100,000 square foot retail shopping center which is the first phase of a mixed-use retail and residential development. The housing phase will consist of 100-fee simple town houses. The non-profit sponsor is Neighbors Organized for Action in Housing. The development is a partnership of Hannan-Midtown Properties and Tri-Star Properties Company.

The Urban Land Project has reduced the backlog of tax-delinquent properties and enhanced the effectiveness of the city's Land Bank, which has claimed more than 5,000 properties since 1987. In 1992, the 1,764 completed foreclosures eliminated \$13.6 million in tax delinquency (up from \$725,000 in 1986) and placed 1,247 properties in the Land Bank.

# The New York Times

MONDAY, MAY 24, 1993

## We Got Mowed Down in Atlanta

By Al Gore

**A**s Congress considers President Clinton's economic plan, the focus is on reducing the deficit, spending less and increasing investments that create jobs. But there's another deficit we're addressing as well, the trust deficit: a widespread belief Government simply can't be trusted to spend tax dollars wisely. To eliminate that credibility gap, we're working to develop a new customer-service contract with the American people that has a simple goal. We want to make the Government work better and cost less.

Since President Clinton asked me to lead the National Performance Review — a six-month comprehensive study of every Government agency — I've heard from thousands of Federal workers and private citizens.

Consider what the Federal Marshals Service of the Justice Department faced when it wanted to get the lawns mowed at houses it seized in drug cases. I heard about it from an employee of the Marshals Service in Atlanta. The department resells the houses and uses the money to finance the war on drugs. But to sell a house, you've got to keep it presentable and that means mowing the lawn. In Atlanta, they thought they'd hire a teenager for about \$10 a lawn. But procure-

ment regulations dictated that they had to do it competitively — and, of course, kids don't write bid proposals. So they had to negotiate a contract with a large firm to mow all the lawns in the Atlanta region — for \$40 a lawn.

Another Federal employee came to me with a contraption called a steam trap that's used to take dirt and oil out of steam lines. It costs about \$100. When it goes bad, it leaks about \$50 worth of steam a week. A Federal engineer wanted to replace some leaky ones. The problem was, the central procurement office had been directed to buy in quantity to save money. So the office saved up all its requests for traps for a solid year. It bought every \$100 steam trap for \$90 and saved \$10. While it waited, each leaky trap cost the taxpayers 50 weeks of steam. That came to \$2,500 — \$2,500 to save \$10.

An Interior Department employee told me how she used the frequent-flyer miles she earned on Government travel to get a free ticket for a Government trip. But the trip required that she stay over for a Saturday night. She did, staying with

saved it \$331 by giving up her Saturday in exchange for a free ticket.

In 1989, an administrator of the Alcohol, Drug Abuse and Mental Health Administration admitted to The Wall Street Journal that his agency did not even monitor the results of the \$2 billion it spent each year.

A Department of Transportation employee told me about a telephone device for the deaf that the agency purchased for her use. She could have bought it retail for \$300. The department paid \$600.

These stories demonstrate that Government has a lot of good people trapped in bad systems.

We need to move from an industrial-age Government to an information-age Government. We are working to change the very culture of our Government. We want a Government that measures performance and puts its customers first. We want to inject competition within Government and make Government more market-oriented. We want to empower communities to solve their own problems, give workers the power to make their own decisions and then hold them accountable for the results.

This fall, the National Performance Review will produce a report with specific suggestions for steps we can take immediately and for longer-term action to bring about real change. It's time we created a Government that can move on issues as small as a steam trap and as large as our future.

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False economies  
cost the U.S.  
big bucks.

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ment. Instead of mowing hotel lawns. But when she returned the department refused to pay the \$10 per lawn — even though she had

# REVOLUTION MUST COME FROM WITHIN

## We can cut the federal trust deficit

By Al Gore  
Vice President of the United States

I learned a lot of things last month when I met with several hundred federal workers in Denver. But one message came through loud and clear: government can work better and cost less.

That's the goal of the National Performance Review, a six-month, comprehensive study of every federal agency, which President Clinton has asked me to lead. The federal workers in Denver gave us a lot to consider.

A Bureau of Land Management worker was frustrated by the inability of his department to plan ahead. Somebody else was horrified by the paperwork it took to get reimbursed for something as simple as batteries for a pager. Yet another worker objected to the idea of spending \$50 in requisition time for a \$10 item.

At one point I asked if anybody had had the experience of spending money just because it was the end of the budget year and their superiors knew that to turn money back would be to have it cut from next year's budget.

Everybody laughed. Just about every department up. And a Bureau of Mines worker said, "That's probably happened about two thirds of the years that I've been with them."

Many of these complaints are not new or surprising. But the willingness to utter them in front of superiors — and the

depth and passion with which they were uttered — was startling.

Since President Clinton asked me to lead the National Performance Review I've heard from thousands of Federal workers and private citizens — many of whom have complaints similar to what I heard in Denver.

✓ Example: One federal employee came to me with a contraption called a steam trap that's supposed to take dirt and oil out of steam lines. It costs about \$100. When it goes bad it leaks about \$50 worth of steam a week.

A federal engineer wanted to replace some leaky ones. The problem was, the central procurement office had been directed to buy in quantity to save money. So the office saved up all its requests for traps for a solid year. It bought every \$100 steam trap for \$90 and saved \$10. While it waited, each leaky trap cost the taxpayers 50 weeks of steam. That came to \$2,500, \$2,500 to save \$10.

✓ Example: A worker in the Federal Marshals Service of the Justice Department told me about what that department faced in Atlanta, when it wanted to get the lawns mowed at houses it seized in drug cases.

The department resells the houses and uses the money to finance the war on drugs. But to sell a house, you've got to keep it presentable and that means mowing the lawn. In Atlanta, they thought they'd hire a teenager for about \$10 a lawn.



But procurement regulations dictated they had to do it competitively — and of course, kids don't write bid proposals. So they had to negotiate a contract with a large firm to mow all the lawns in the Atlanta region — for \$40 a lawn.

These stories — there were dozens and dozens of others — demonstrate that Government has a lot of good people trapped in bad systems.

Please see GORE on 5-D

## Good workers caught in bad system

GORE from Page 1-D

Some have pointed out that the obstacles to good government these examples illustrate lie not just in the written regulations but an ingrained mode of behavior on the part of federal workers.

That's true. For that reason, we need to change the very culture of our government. We need to move from an industrial-age government to an information-age government.

Four principles will guide this revolution in government:

1. Before we ask ordinary Americans to do more, government must learn to make do with less. It is time to demonstrate that government can be as frugal as any household in America.

2. Our goal is to improve services and expand opportunity, not bureaucracy. Over the past decade, America's most successful companies restructured themselves to meet global competition by eliminating unnecessary layers of management, putting more power into the hands of front-line workers and finding out what their customers want — then delivering it. The federal government has to do the same thing.

3. Government will only succeed if it listens to its customers, the American people. We need to make government customer-friendly — by giving people more choices, better services, and a bigger say

in how their government works.

4. This revolution in government must come from within. No one is more frustrated by bureaucracy than the workers who deal with it every day. Employees at the front lines know how to make government work if someone will listen.

What have we learned so far?

For one thing, we've learned that we need to inject competition within Government and make government more market-oriented. We want to empower communities to solve their own problems, give workers the power to make their own decisions and then hold them accountable for the results. For while Congress focuses on President Clinton's plan to reduce the deficit, we must address another deficit: the trust deficit — the widespread belief that government simply can't be trusted to spend tax dollars wisely.

This fall, the National Performance Review will produce a report with specific suggestions for steps we can take right away and in the future to meet our twin goals — better service and less cost.

Reflected in that report will be the stories and suggestions I carried back to Washington from that exchange of views in Denver. It will be a report with the potential for real change. It's time we created a government that can move on issues as small as a steam trap — and as large as our future.

# No more government-as-usual

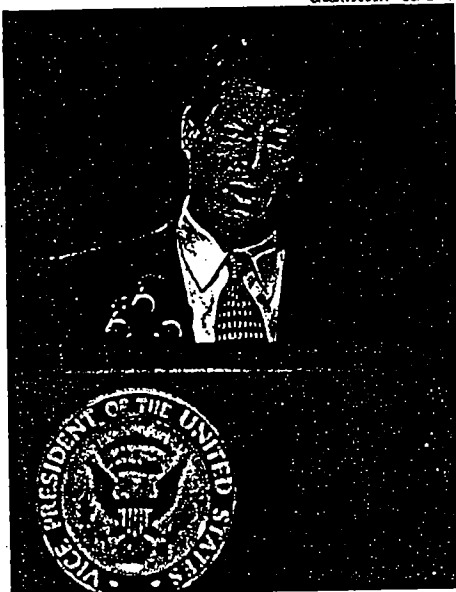
**P**ublic distrust is producing a hydraulic pressure for cutting government, and voters will keep pushing until they get real results. Democrats—who represent the party of government—may control the White House and Congress, but voters in a February ABC News-Washington Post poll said they favor a smaller government and fewer services by a 67 percent to 30 percent margin over a larger government with many services. That is a sharp increase in antigovernment sentiment from the 49 percent to 43 percent spread in 1984. The Clinton administration, which did not see this hostility as clearly as legislators did, had to scale back spending to please House Democrats and saw its stimulus package blocked by Senate Republicans.

Americans want government reformed, as other major institutions have been reformed over the past 15 years. The military, in shambles in the mid-'70s, remade itself splendidly. The U.S. auto and steel industries transformed themselves from high-cost, low-quality producers in the late 1970s to industries competitive in cost and quality, though with work forces literally cut in half. Recent headlines have been screaming the job cuts at other U.S. industrial giants—50,000 at Sears, 25,000 at IBM, 25,000 at Boeing, 10,000 at Pratt & Whitney. In the political sphere, the same pressures apply, and Bill Clinton will find himself pressed to make more cuts in the federal work force than the 100,000 he promised during the campaign to cut through attrition.

Watch the governors. If President Clinton and Vice President Al Gore, who is in charge of the administration's massive review of government agencies, want to take advantage of the political currents, they should take heed of the recent experience of governors: Those who cut spending and the size of the government work force are doing well; those who raised taxes and did not seriously slash public job rolls are in trouble. Massachusetts Gov. William Weld cut spending 1.5 percent in 1991 and now has a 52 percent favorable rating in a heavily Democratic state; South Carolina Gov. Carroll Campbell cut spending 4 percent in 1992 and had a positive job rating from 68 percent of voters, the highest in the South. Both were forced to act by events: Weld by a state bond rating falling to Third World levels, Campbell by a court order. But both found they could make real cuts without imposing great pain. "For 30 days, they all had done, would be terrible," says Campbell, "and then I didn't hear any more of it." The second cuts in popular services. Weld told his opponents

that it was their job to manage the cuts smartly and that anyone who wanted to come in and argue for more money "should bring with him a signed copy of his resignation." Florida Gov. Lawton Chiles, in contrast, while pushing for some significant government reforms, has been pressing constantly for increased taxes and had a positive rating from only 23 percent of voters, one of the lowest in the country. That suggests that voters want better government before they will ante up more money, not after.

Clinton seems to understand this, although his budget proposals and other policy stances do not yet show how serious he is about meeting his promise to organize a "revolution in government." He has given the vice president six months to complete a "National Performance Review," modeled on Texas Controller John Sharp's popular and hugely successful audit of his state's government. And Gore got off to an impressive start by hiring the Progressive Policy Institute's Elaine Kamarck; Sharp aide Billy Hamilton; David Osborne, co-author of "Reinventing Government," and Robert Stone, a career Defense Department manager whose work Osborne cites. All this, Gore says, is focused "not just on cutting wasteful spending but also on improving services and making our government work better. We want major savings, major reforms and major innovations." The new head of the Office of Personnel Management, James King, is also working to redesign how the civil service works. "Most want to be responsive," he says of federal employees. But there have to be changes in incentives and accountability—old rigid rules have to be



*'We want major savings, major reforms and major innovations.'*

dropped, and managers have to be given more flexibility to achieve goals, with greater rewards when they do and penalties when they don't. King concedes that changes in law may be necessary. "I got a sense of bipartisan cooperation when I went on the Hill," he says.

Clinton's political problem now is that these reform efforts are not nearly as visible as his tax increases and bigger-government programs. The president's health care reforms, which will include major tax increases and more government intervention in the economy, could add to the perception that he is more of a partisan for big government than an advocate for government reform. The Clintonites' ideas for changing government are serious and attractive, and the people involved are able and committed. But they have a daunting task in matching the president's policy vision with the public demand for reform and fewer public employees. □

## OUR OPINION

# Gore a credible 'reinventor'

It was a curious but hopeful scene. His suit jacket shed and his shirt sleeves rolled up as a concession to Washington's August humidity, Vice President Al Gore stood in the Pentagon courtyard, surrounded by nearly 1,000 federal employees. No, they weren't demanding a pay raise. They were there at Gore's invitation to talk about "reinventing government," a central theme of the 1992 presidential campaign that carried President Clinton and his running mate into the White House.

Last week's give-and-take at the Pentagon is part of an effort by the Clinton administration to follow up on that campaign promise by "reinventing" how the federal government goes about its everyday tasks, such as budgeting, buying supplies and equipment, dealing with employees and better relating to its

"customers," meaning every citizen of the United States. Gore is leading a task force that is scheduled to issue a report in September. If its recommendations reflect the honest self-criticism that took place at the Pentagon and other stops along Gore's route, perhaps the "quality revolution" that has swept through so many private companies will have finally reached Washington.

Gore and the military and civilian

employees who gathered in the Pentagon's spacious courtyard discussed job performance reviews, procurement regulations, budgeting practices that encourage an agency to spend all its money by the end of the fiscal year lest it be penalized in the next budget, overspecification in contracts, travel rules, job classifications and many other nuts and bolts procedures. The picture that emerged (the event was telecast on C-SPAN) was of federal employees who cared about doing a good job and saving the taxpayers' money, and of a vice president who seemed committed to change.

More than once, Gore cited examples of "high-performing organizations" in the private sector and how they have changed to remain competitive. He lamented that federal managers who save money on Program A are rarely given the option of applying the savings to underfinanced Program B. He said it's sad that federal workers who shortcut red tape to get better results too often get reprimands instead of rewards.

Gore's report, sort of a "national performance review," is one of several efforts under way to change how the federal government works. Another one involves learning from successful programs in states such as Wisconsin.

None of these efforts will take hold overnight, but if it's the beginning of new ways of thinking about how the government does business, so much the better. Clinton told voters last year that he wanted to reinvent government. It's reassuring that Gore has been put in charge of the laboratory.



Al Gore

## You Are the Key to Reinventing Government

*Vice President Al Gore sent this special message to Federal Times for federal employees during Public Service Recognition Week.*

In the 1980s, American businesses went through a dramatic and bold change in the way it operated. Across the country, the business pyramid was turned upside down.

Instead of making decisions solely at the top, managers considered input from every level of their organizations. And they decided that what the customer wanted was what they wanted, too.

In the beginning, there were naysayers who claimed that this type of approach wouldn't work: Decisions should be made at the highest levels only, and if those decisions didn't increase profits immediately, then they weren't right.

But over time, what's known as total quality management swept the most successful American businesses and not only met expectations, but exceeded them.

The president and I believe that some of the same lessons business learned in the 1980s can be applied to the federal government now. Just as American business "reinvented" itself to be more productive and responsive a decade ago, so can the federal government.

After all, American taxpayers are the customers of the federal government. And federal employees know better than any of us that the government could be working harder and smarter for the American people.

On March 3, the president announced a six-month National Performance Review of the entire federal government. He appointed me to oversee that effort.

Our mission: to "reinvent" a government that puts people first by serving its customers, empowering its employees, fostering excellence and dedicating itself to making sure that the taxpayers get maximum value for their tax dollars.

To accomplish this objective, the National Performance Review will be asking some important questions:

- What kind of federal government would we like to see by the beginning of the 21st century?
- What are the barriers that prevent us from achieving those goals at present?



*'Employees at the front lines know how to make government work, if someone will listen.'*

**Vice President Al Gore**

- What changes can we make to overcome those barriers?
- What and where is the federal government doing things right and providing the taxpayers with real value for their tax dollars?

We need your help as federal employees in answering these questions. I have met some of you in Washington, D.C., and across the country, and I know that it's you — the employees on the front lines — who know best how to do your jobs better, work more efficiently, and save money in the process.

In our effort to reinvent government, five principles will guide this revolution. The first is that before we ask ordinary Americans to do more, government must learn to make do with less. It is time to demonstrate

that government can be as frugal as any household in America.

Our second goal is to improve services and expand opportunity, not bureaucracy.

Over the past decade, America's most successful companies restructured themselves to meet the global competition by eliminating unnecessary layers of management, putting more power in the hands of front-line workers, and finding out what their customers want — and then delivering it.

Third, government will succeed only if it listens to its customers, the American people. We need to make government customer friendly — by giving people more choices, better services, and a bigger say.

Fourth, the federal government has to empower states and localities to help themselves and their citizens. Government should not stand in the way of creative, grass-roots innovation.

And finally, this revolution in government must come from within. No one is more frustrated by the bureaucracy than the workers who deal with it every day and know better than anyone how to fix it. Employees at the front lines know how to make government work, if someone will listen.

To this end, the National Performance Review is not being conducted by a group of outsiders who have been brought in to tell federal workers how to do their jobs. The majority of those involved in the review will be federal employees such as yourselves working with task force team members.

With your help, we will instill a new spirit of responsibility and innovation into every level of the federal government. We will revolutionize the way government works, encourage new and innovative ways of doing business.

For example, we have asked each Cabinet secretary and the heads of major government agencies to create a team within their agencies to work with National Performance Review team members to prepare both short- and long-term agendas for change in their departments.

We will put more than 100 managers, auditors, and front-line employees from across the government to work on specific recommendations for improving services and cutting waste.

They will evaluate the efficiency of every

federal program and service, identify specific spending cuts in federal programs and services that don't work anymore or no longer advance the mission they were intended to serve, and recommend ways to streamline the bureaucracy by eliminating unnecessary layers of management and reducing duplication of effort.

Most importantly, they will ask federal workers and the American people to send to the National Performance Review specific suggestions on how to improve services and cut bureaucratic waste.

At the end of the summer, the National Performance Review will report to the president. Our report will include a description of the government we would like to have and an analysis of the barriers that stand in our way.

We will set forth a series of specific recommendations to reduce waste and make our government more effective, more efficient, and more responsive. These will include recommendations that identify specific cuts, user-friendly improvements to government operations and savings resulting from our reinventing efforts.

Some recommendations will address the systems that affect nearly all federal programs, while others, generated in full cooperation with Cabinet secretaries and agency heads, will deal specifically with the operations of a particular agency.

I ask for your help and your input. Think boldly, broadly and creatively. Think big. We want major savings, major reforms and major innovations. And we want your suggestions.

How can we clarify agency missions? Would thinning out layers of bureaucracy improve managers' ability to serve their customers? How can we bring the information age that has so transformed our private sector to the public sector?

These are but a small sample of the questions which I hope you and your counterparts throughout government will ask in the coming months. Our work will make a difference.

It's a challenge we'll meet together. Putting people first is a principle that President Clinton is translating into policy. We join him in that effort. I look forward to working with you.



Mark H.

OFFICE OF THE VICE PRESIDENT  
WASHINGTON

September 9, 1993

TO: CABINET CHIEFS OF STAFF AND COMMUNICATIONS DIRECTORS

FR: MARLA ROMASH  
Office of the Vice President

RE: NATIONAL PERFORMANCE REVIEW UPDATE

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1. The President and the Vice President are in Cleveland today, visiting an innovative community development project that demonstrates both the principles and the specifics of the National Performance Review report.

What follows here is a summary of the relevant National Performance Review recommendations and background information on the Cleveland program and its connection to the National Performance Review.

The President and Vice President will visit a commercial center developed as part of this innovative program, speak with those responsible for its design and implementation, and the President will sign a directive creating the Community Enterprise Board to better coordinate federal efforts to help strengthen families and build communities. (For more on the board, see the National Performance Review report.)

A copy of the directive is not available until it is signed by the President. We will try to get copies to you later today.

# **The National Performance Review**

## **Creating a Government that Works Better and Costs Less**

### **Strengthening the Partnership with State and Local Governments**

#### **Major Recommendations**

#### **A New Community Empowerment Strategy**

Fundamental change is needed to ensure that government at every level -- federal, state, and local -- provides its customers with high-quality, low-cost services. Red tape and federal mandates must be cut. Performance must replace process as a measuring stick. Barriers between programs must come down. And, state and local governments must have more flexibility to design and implement programs that meet the needs of their citizens and not just the requirements of federal rules. To the average citizen, a tax is a tax and a service is a service, regardless of which level of government is responsible.

What's needed is a new strategy that helps strengthen our communities, rewards initiative, and produces results -- jobs, housing, new businesses, economic growth. We're going to break down the barriers between federal agencies so we have real coordination in the delivery of services. This will give states and local communities the flexibility they desperately want and need if they are to use federal dollars efficiently and effectively to build communities and strengthen our families. The National Performance Review recommendations are not just about cutting wasteful spending, they also are about creating a government that works better.

#### **Federal-State-Local Relations Today**

- o More than 600 federal grant programs will spend more than \$226 billion in FY 94. This is one-third of all federal domestic spending.

- o About two-thirds of the grants are for less than \$50 million each; the number of separate grants has grown by 50 percent in the past decade. For example, there are more than 140 federal programs to assist children and their families, and more than 150 job training programs.

- o The mandates and regulations accompanying these programs are cumbersome and costly. For example, the federal government spends about \$19 billion a year in administrative costs for these programs.

- o Though federal aid to states and localities has declined during the past 15 years, the number of mandates has doubled. As of December, 1992, at least 172 separate pieces of federal legislation require states and localities to act on issues ranging from drivers licenses to asbestos removal in schools. Most of these mandates are not accompanied by funds.

## Improve Services to People

The number of grants must be consolidated. We join the National Governors Association and the National Conference of State Legislatures in supporting the consolidation of 55 existing grants into six 'flexible' grants to better improve services in job training, education, water quality, defense conversion, environmental management, and motor safety. But we must do more.

States should be allowed to design 'bottom-up' solutions to their specific problems, instead of being forced to take 'top-down' direction from the federal government. They should be allowed to mix funding from different programs with simple notification to Washington, when combining grants smaller than \$10 million each. For amounts greater than that, they should be allowed to negotiate grant consolidations.

The focus will be on performance -- on what outcomes will be achieved, not on precisely how they are achieved. At the same time, legitimate federal interests, such as equal employment opportunity and worker health and safety, would be protected.

## Community Enterprise Board to Improve Coordination

To improve coordination and services, the President will create a cabinet-level Community Enterprise Board to oversee new initiatives to help strengthen communities. With leadership from the Vice President, the Domestic Policy Council and the National Economic Council, this board will look for ways to cut red tape and regulation on federal programs. It will be committed to solutions that respect 'bottom-up' initiatives instead of 'top-down' requirements, beginning with the nine Empowerment Zones and 95 Enterprise Communities authorized in the President's recently-passed economic plan.

## Relief from Regulations, Mandates, Red Tape

Moving from process to performance means allowing states and localities to get out from under unnecessary rules, mandates, and regulations. We are recommending that unfunded mandates -- requirements that come without money -- be limited. Cabinet Secretaries and agency heads should be able to grant states and localities waivers from federal regulations or mandates.

The reimbursement procedures for administrative costs claimed by state and local governments for operating federal grant programs should be simplified. States and localities should be able to choose a fixed fee-for-service option that would set the rate of reimbursement based on each jurisdiction's performance. Fees would be paid in a lump sum, not through complex allocation plans. This would save the federal government more than \$3 billion over five years.

States and localities should be required to certify once that they will comply with federal laws, instead of every time they receive a federal grant - eliminating tens of thousands of useless forms. And, they should be allowed to use simplified purchasing procedures more often, with a cap on such purchases raised from \$25,000 to \$100,000. Some estimates suggest this will save states and localities up to \$500 per procurement action.

## Cleveland's Urban Land Project and the National Performance Review

Cleveland's Government Action on Urban Land Project is a model of reinventing government at the local level. Under the leadership of Mayor White the City of Cleveland has moved to reverse a decade of urban decay by relying on two of the cornerstones of the reinventing government movement -- cooperation across government boundaries and cutting red tape to get results.

**1. Cooperation across government boundaries.** The Urban Land Project is governed by a Task Force under the leadership of the County Treasurer and the County Prosecutor. They coordinate the work of seven governmental entities -- the prosecutors office, the Treasurer, the Auditor, the Sheriff, the Clerk of the Court, the Court Administrator and the Recorder.

In addition to the above, which all have to be coordinated in order to accumulate the land for the land bank, the Project includes a representative of the Community Development Department and involves the Housing office.

Not only is government involved in making this effort successful, the private non-profit sector is also involved. Three private foundations have made grants and low cost loans since 1991 in support of private land acquisition and site development for major new housing projects.

The Cleveland project involves municipal agencies working under municipal laws. What the Vice President and the members of his task force heard time after time from state and local officials was that the attempt to integrate government resources, difficult under any circumstances, is nearly impossible where the Federal government is involved. As any frustrated local official knows, the Federal government administers more than 600 grant programs. Each and every one of them have their own set of rules and regulations. The effort to combine small pots of money and to rationalize regulations into a workable program at the local level becomes nearly impossible if the Feds are involved.

This should not be the case. The federal government should be fostering local innovation not standing in its way. In order to do that we recommend a dramatic turnaround in the way the federal government relates to the states and localities. In the National Performance Review's report we recommend that states and localities be allowed, indeed encouraged, to design "bottom up" solutions to their specific problems. With a simple notification to

Washington they should be allowed to mix funding from different programs when dealing with grants of \$10 million or less. For amounts greater than that, they should be allowed to negotiate grant consolidations.

No longer will a bunch of bureaucrats in Washington presume that they know the best way to deliver services in Cleveland or in any other city. Federal programs should not be the enemy of innovation; they should be the catalyst for innovation.

To show we mean business the President will create a new Cabinet level Enterprise Board to oversee new initiatives to help strengthen communities. This group will be led by the Vice President and the White House policy Councils. Its mission will be to look for way to cut the red tape and regulation on federal programs that get administered in states and localities.

**2. Cutting red tape to get results.** Under the streamlined procedures worked out with the agencies of government listed above, the City has increased the number of foreclosure cases completed from 183 in 1986 to 1,764 in 1992 -- a stunning increase in efficiency. They have done this while providing for the due process required by law in these cases. Furthermore they have increased the amount of money collected from delinquent taxes -- from \$725,000 in 1986 to \$13,559,000 in 1992. Finally, with the aid of the private non-profit sector as well as the government entities they have increased the number of new housing units -- from 89 in 1986 to 653 in 1992.

What the Urban Land Project shows us is that cutting red tape does lead to results. The National Performance Review recommends several changes that would drastically reduce the amount of red tape that states and localities encounter when they deal with the federal government. For instance, states and localities should only be required to certify once that they will comply with federal laws, instead of every time they receive a federal grant -- eliminating tens of thousands of useless forms. Furthermore, using simplified purchasing procedures for items purchased with federal money could save states and localities up to \$500 per transaction.

But the real benefits of cutting red tape cannot be measured solely in dollars. The real benefits come from freeing up government workers to concentrate on the task at hand - providing the best services possible for the lowest price possible - to the taxpayers.

By changing the relationship between the federal government and the states and localities our goal is to make the federal the incubator of new and innovative programs like the one we have seen here today

## CUYAHOGA COUNTY URBAN LAND PROJECT

### Cleveland, Ohio

The Cuyahoga County Urban Land Project is a cooperative and dynamic city/county partnership that has helped reverse a generation of urban decay. In the mid-1980s, Cleveland was struggling to carry more than 35,000 tax-delinquent properties representing more than \$85 million in virtually uncollectible arrears. The city was in danger of losing its bond rating. In addition, entire neighborhoods, like the Hough area, had been devastated by 20 years of physical deterioration, vandalism, and abandonment as citizens fled to the suburbs.

Confronting these challenges, Cuyahoga County streamlined its traditional foreclosure process, which had taken up to seven years to complete, and instituted a land-bank program. Working under legislation unique among the 50 states, the county's new system takes only eight months to complete. Foreclosures have risen steeply from 183 a year in 1986 to 1,764 last year.

The county initiates foreclosure actions on tax delinquent properties. The tax delinquent vacant and abandoned properties are processed through a streamlined but constitutionally sound foreclosure process. The properties are sold at a sheriff's sale. If the property does not sell at the sale, the taxes are stripped and the property is placed into the City of Cleveland's Land Bank for marketing.

The concept of placing the properties into the Land Bank is quite simple. First, the taxes are removed from the property which reduces the county's tax duplicate and protects the bond rating. Second, the properties are usually worthless by themselves. However, when the parcels are pooled together and marketed by the county, the properties are attractive to developers who can acquire lots for about \$200. A comparable lot in the suburbs would cost \$40,000.

Support from developers, community groups, and lending institutions has made it possible for the construction of homes located five minutes from downtown Cleveland. The 30-year mortgage on the homes begins at an affordable \$425 per month. Increasingly, developers are seeking to acquire once worthless properties, revitalizing the city by turning dumping grounds and crack houses into housing units and commercial centers.

#### **The Church Square Shopping Center is an example of one such commercial center.**

The land assembly for the project included 15 land bank properties, private acquisition, vacation of city streets and city-assisted private acquisition. It is a 100,000 square foot retail shopping center which is the first phase of a mixed-use retail and residential development. The housing phase will consist of 100-fee simple town houses. The non-profit sponsor is Neighbors Organized for Action in Housing. The development is a partnership of Hannan-Midtown Properties and Tri-Star Properties Company.

The Urban Land Project has reduced the backlog of tax-delinquent properties and enhanced the effectiveness of the city's Land Bank, which has claimed more than 5,000 properties since 1987. In 1992, the 1,764 completed foreclosures eliminated \$13.6 million in tax delinquency (up from \$725,000 in 1986) and placed 1,247 properties in the Land Bank

# The National Performance Review

## Background

The National Performance Review began on March 3, 1993 when President Clinton announced the six-month review of the federal government and asked Vice President Gore to lead the effort. The goal: create a government that works better and costs less.

Unlike past efforts that relied on outsiders, the Vice President gathered experienced federal workers and organized them into teams to examine federal agencies and issues that cut across agencies, such as personnel or procurement or budget policies. Approximately 200 federal workers made up the NPR teams. In addition, the President asked each cabinet secretary to organize a 'Reinvention Team' to work from within each agency and to create 'Reinvention Laboratories' where experiments in this new way of doing business could begin immediately.

The Vice President and the National Performance Review teams sought input from people all across America. Vice President Gore spoke with workers at every major agency and at federal centers around the country. He visited programs that work and companies that have implemented new practices, dramatically changing their operations and decreasing costs and increasing profits in the process. The Vice President and the National Performance Review teams learned from state and local leaders who have put many of these ideas into practice and they listened to the very best experts in the country -- from business, from government, from the academic community -- at special conferences in Philadelphia and Nashville. And, they listened to the American people whose letters and phone calls were invaluable.

The National Performance Review focused on *how* government should work, not on *what* it should do. With the exception of those programs recommended for elimination, it did not address policy issues. The National Performance Review teams examined virtually every cabinet department and key agencies. A 'bottom-up' review at the Department of Defense, begun two months before the review to meet the spending reductions in the President's 1994 budget, took precedence as did the work of the Health Care and Welfare Reform Task Forces at the Department of Health and Human Services.

The report of the National Performance review represents the beginning of what will be, and what must be, an ongoing commitment to change. It includes actions that will be taken now, by Executive Order of the President or by the cabinet secretaries and agency heads; recommendations for Congressional action; and a vision for the future, for long-term changes we must begin now. If implemented, these recommendations will revolutionize the way the federal government does business. They will reduce waste, eliminate obsolete functions, improve services to taxpayers and create a smaller but more productive government.

## TALKING POINTS

### THE NATIONAL PERFORMANCE REVIEW

The National Performance Review is about creating a government that works better and costs less, without cutting waste and reducing bureaucracy. Unlike similar efforts that have preceded it, the National Performance Review is not just about getting rid of waste -- though we do plenty of that -- it is also about fundamental and dramatic changes in the way the government works. It's about turning our government into a high-performance, low-cost organization.

o The National Performance Review is guided by four main principles:

1) Put the customer first, listening to them, restructuring basic operations to meet customer needs, and using market dynamics such as competition and customer choice to create incentives for success.

2) Cut red tape, shifting from a system based on accountability for following rules to one where you're accountable for achieving results.

3) Empower employees to get results, transforming the way they think and act by decentralizing authority, empowering those who work on the front lines to make more of their own decisions and solve more of their own problems.

4) Cut back to basics and create a government that works better and costs less by abandoning the obsolete, eliminating duplication, and ending special interest privileges.

o It's time we had a new customer service contract with the American people, a new guarantee of effective, efficient, and responsive government. It's time we treated taxpayers like customers.

o The National Performance review can help close the budget deficit but it can also help close the trust deficit, showing the American people that their tax dollars will be treated with respect for the hard work that earned them.

o It's time to make government work and work efficiently. It's time we got our own house in order. The National Performance Review does that, getting rid of unnecessary rules and red tape that cost too much and don't serve us well enough, and streamlining the federal government.

o We're going to reform the way our government works, hold employees to new performance standards and insist on results. Instead of measuring what we put in, we're going to measure what we get out and what's accomplished. We're going to free federal employees from the rule that make their jobs more difficult but in return, we're going to demand performance.

o Special interest subsidies ought to be cut. There's no reason taxpayers should be picking up the bill for millions of dollars in special interest subsidies.

o We're going to get rid of programs that don't work, consolidate programs where there's duplication, and make sure that federal programs have a specific goal. The National Performance Review is consolidating programs and getting rid of outdated programs. And we're going to put an end to crazy rules that now allow people who defraud the government to get benefits to keep getting them.

o American business have recognized the need to change and restructure to stay competitive, increase profits, and satisfy their customers. It's time the government took the same approach. All across our country, businesses have recognized how new thinking and a new way of doing business can increase profits and cut costs. It's time our government learned that lesson from successful businesses and changed the way it does business to improve services and cut costs.

## **THE NATIONAL PERFORMANCE REVIEW QUESTIONS AND ANSWERS**

**Q: Why will this succeed when every other effort has failed?**

**A:** Most importantly, because there is leadership from the White House. President Clinton and Vice President Gore share a strong commitment to improving the way government works and to making government work better for less. That commitment is shared by every Cabinet Secretary and agency head across the government.

In addition, the National Performance Review -- unlike every other earlier effort of this kind -- did not bring in outside experts to create a report to gather dust on some shelf. The National Performance Review organized a team of talented, experienced career federal employees who know best (from first-hand experience) what's wrong and how to fix it.

The NPR Report offers specific recommendations and real savings -- for immediate action and over the long term. The President will sign executive orders and cabinet secretaries will take action to begin the kinds of dramatic changes the National Performance Review is recommending. Americans want a change. Federal employees want a change. The President and Vice President are determined to make it happen.

**Q: How do you expect to overcome Congressional opposition to your recommendations?**

**A:** We have been and will continue working closely with Congress on a bipartisan basis. This is not a political issue. The American people want change and they want to know their tax dollars are being spent wisely. They want a government that works. We believe Congress shares our determination to cut spending and reform the government. We're asking for some big changes and change is never easy. We know there are those who will defend the status quo -- even if it means wasteful spending and unnecessary bureaucracy. And, we expect some fights. But we intend to work with Congress to bring about these changes.

**Q: How do you propose to get all these hundreds of recommendations through Congress? Will you deal with each one individually? Use the Commission that the Senate Government Affairs Committee has approved? How?**

**A:** Remember, many of the actions we are proposing do not need Congressional approval. They can be accomplished by administrative action, by the President or by cabinet secretaries and agency heads. The President will sign executive orders and other directives, and cabinet secretaries will take action to implement many of these changes. Where Congressional action is needed, our goal is to identify the quickest way possible to gain Congressional approval for this package. We intend to work with Congress to identify the best way to move these proposals forward. If they are serious about cutting costs and serious about reforming government, they'll do just that.

**Q: The National Performance Review report includes hundreds of recommendations. How many do you really expect to get accomplished?**

**A:** We intend to dramatically change the way our government works -- to cut waste and bureaucracy, to create a government that works better and costs less. Many of the actions in the report we will take immediately. We intend to work with Congress to gain approval of the remainder. We recognize that the change we seek will not happen overnight. Ours is a long-term commitment and a long-term job. We're going to stay with it and keep working.

**Q: Will there be another National Performance Review? When? Who will do the work?**

**A:** This report represents the beginning of what will be an ongoing effort to create a government that works better and costs less. We intend to continue our work, through the newly established President's Management Council and through every Cabinet Secretary to change the way the government works, to improve services, cut bureaucracy and make sure taxpayers are getting their money's worth. In this review, we identified many things we can do and many things yet to be done so our work will continue. We are going to continue to look at different issues that we raised in this report and others that need more study. The 200 federal workers we assembled for this six-month project will go back to their agencies and bring with them this commitment to change. But considering the success of this project in identifying ways to make the government work better and cost less, we're certainly considering other similar reviews in the future.

**Q: Did the Cabinet Secretaries have the ability to veto recommendations you had hoped to make? Were there instances where a cabinet secretary stopped you from acting?**

**A:** We worked closely with the cabinet throughout this process. Remember, at the President's direction, each cabinet secretary created their own "reinvention" team and the national performance review teams worked closely with them. This was very much a collaborative not a confrontational process with a great deal of consultation and discussion. Our efforts were met with great support and enthusiasm from the cabinet - they are as eager as we are to improve the way the government works, to get rid of unnecessary bureaucracy and cut costs.

**Q: What difference will all this make to the American people? And when?**

**A:** In the end, it will mean better service and lower costs. For example, a faster return of income tax refunds, or better education or job training or improved community services and a feeling that they are being treated with respect. They may not notice the difference tomorrow, but we hope that before too long they will.

**Q: What's happened to the reports from all your teams? Will they be released?**

**A:** The work of our National Performance Review teams is reflected in the report we have released. We will, in the future, release additional details and supporting information in the individual team reports. You can imagine from the number of recommendations we are making, that there is an enormous amount of material. Our intention is to release the work of the teams at a later date.

**Q: Is it appropriate to have government employees conducting a review of themselves?**

**A:** Outsiders have traditionally reviewed the government and those efforts haven't succeeded as much as everyone would have liked, in part because they did not consult with those who have to live in the system. As any modern organization improvement expert, such as Tom Peters or Edwards Deming, will tell you, you have to involve those who are affected if you want real change to happen. The experience of other countries that have reinvented themselves shows that real change comes from within. We relied on team of experienced and talented federal workers who then sought advice and ideas from a wide range of groups and individuals.

**Q: How do you reconcile the message of cutting costs vs. reinventing government?**

**A:** The National Performance review is and always has been about both. If you're interested in really reducing costs over the long term, then you have to change the way the government works. That's one of the major reasons this review is different from others that preceded it. Those efforts only focused on waste and abuse and did not try to put in place a positive vision of how government should work in the future and a blueprint for how to get there. We want a government that works better for less. We found plenty of ways to save money and make government more efficient. But this is about more than that, it is about fundamental and profound changes in how government works. We intend to change the very culture of government. We're not after just short-term savings, but long-term changes. For example, by changing the incentives in the budget system so that federal managers are rewarded for saving money, the process of cutting costs becomes ongoing and long term.

**Q: How many people worked on the National Performance Review?**

**A:** We assembled a team of about 200 federal workers. Many of the federal employees are senior executives who have been frustrated with the system and know where the changes need to occur because they've been trying for years to bring about those changes. We have included line managers and employees who deliver services directly to the public. They come from the field as well as Washington, D.C..

In addition to the people on the National Performance Review team each Cabinet Secretary has put together his or her own internal reinvention team and those teams worked closely with the NPR teams.

**Q: If we are going to empower federal employees, how are we going to keep them from making mistakes?**

**A:** In most cases, the problem is not the people but rather the system in which they work. We think we can fix the "blundering" problems by setting clear expectations, rewards, and penalties for poor performance, by reforming the personnel system and giving managers the tools and incentives they need. We will measure performance and we will hold employees accountable for results. But we're going to do it in a way that really produces results instead of blocking them.

We need to find a clear balance between protecting the taxpayers money from outright fraud and abuse and protecting the taxpayers money from overly bureaucratic systems that waste money and make the government pay more than it needs to pay to get the job done.

**Q: Are you planning to change the system so you can fire federal employees?**

**A:** We're going to create a personnel system that works better, makes sense, and costs less -- for workers, for the government, and for American taxpayers. Right now, thousands of pages of rules and restrictions, layer upon layer of bureaucracy, have created a personnel system that simply doesn't work. We're going to make it easier for federal workers to do their jobs and we're going to make it easier for them to grow and advance in their workplaces -- to get rewards, promotions and raises. And, yes, we're going to make it easier, when it's necessary, to fire employees who are not performing up to standard.

At his town meetings with federal workers, the Vice President asks if it's too hard to fire bad employees. Usually, more than 90 percent raise their hands when asked if the system needs to be changed. Federal employees recognize probably better than anyone else that the system needs to be changed. It's a system that's frustrating them as much as it's frustrating their customers. Remember, the system makes it just as hard to give good employees bonuses or promotions.

**Q: Why don't you just stop wasting money instead of changing the budget system?**

**A:** The budget system encourages waste. Line items encourage spending in low priority areas and year-end spending limits encourage spending every last dime (inefficient in a last minute rush) or you get less next year. No private sector business could succeed with these types of incentives. Can you imagine a business that couldn't transfer money from its equipment budget to its personnel budget if it had to? Or one that had 450 job classifications. Or one not allowed to buy what it needs, when it's needed, at the best price? Or one that doesn't reward saving money? The National Performance Review recommendations will fundamentally reform the systems of government -- that's the only way to achieve long-term savings and real improvements in service and performance.

**Q: Are you using Total Quality Management principles to redesign the government?**

**A:** The basic principles of TQM are reflected in the review -- especially the focus on the

customer -- but anyone who knows anything about government knows that in the government, nothing is 'total.' We have involved some of the top award-winning management leaders in the federal government and we have created teams that are spending time with customers. The teams themselves are talking to a wide spectrum of suppliers and internal customers. As well, we've sought advice and ideas from business leaders who have applied innovative management principles to their own companies, increasing profits and cutting costs in the process.

**Q: The Vice President asked the public and government employees to contribute to this review, to write letters, to call in. Where their recommendations incorporated?**

**A:** Yes. The Vice President met with federal workers at every agency and at regional centers around the country. Hundreds of letters were received and read. We learned a lot from them and found them incredibly useful both in terms of identifying problems and designing solutions.

**Q: How were the NPR staff selected?**

**A:** We sought experienced federal workers from across the government and we found that across the government there are people experienced and dedicated to the principles behind our work. In many cases, federal workers came to us because they wanted to be involved.

**Q: Did federal workers comprise the entire staff?**

**A:** The NPR teams were made up of federal workers. However, they consulted with outside advisors from state and local government, from the business world, and elsewhere.

**Q: How was the cabinet involved?**

**A:** The cabinet was involved throughout this process, both through their agency 'reinvention' teams and through personal contact with the NPR staff and the Vice President. We have worked with Cabinet Secretaries and agency heads throughout and have welcomed their enthusiasm and their support for this review.

**Q: If the NPR was able to take almost 250 federal employees away from their jobs, how important were these people, and why can't their positions be eliminated?**

**A:** Almost all the staff were recruited to NPR from agencies who were reluctant to release their best people but did so in recognition of the great importance of this effort. NPR selected a wide range of specialists at all grade levels from across government to reflect the diversity in the federal workforce. Their work at NPR has demonstrated some of the best virtues of the civil service which hardly justifies eliminating their jobs upon their return.

**Q: How much damage to government services did the NPR do by taking 250 people away from their jobs?**

**A:** There is no doubt that both organizations and individuals have made significant sacrifices to conduct the NPR. Even though a number of individuals spent long days working at NPR then worked nights and week-ends at their home agencies, most organizations had to soldier on without the services of those working at NPR. The NPR staff and their home institutions have had to make adjustments to support this very important enterprise. We have every confidence that the return on investment to government operations over the next decade will be many times the sacrifice made this summer.

**Q: Why were the vast majority of NPR staff selected from the GS15 and SES ranks? Why was there so little involvement from the lower grade employees that the NPR seeks to empower?**

**A:** The more senior personnel have both the experience and the demonstrated ability to wrestle large, complex issues to resolution quickly, more so than less seasoned employees. Given the very ambitious schedule for reporting out, we didn't have the luxury to conduct extensive on the job training for junior staff. However, it would be a mistaken impression to believe that lower grade employees were not significantly involved. We used many PMIs -- Presidential Management Interns -- in this process. These are young, talented people just out of management school. Those who were part of NPR were active and vocal participants and contributed valuable parts to the overall effort.

**Q: David Broder reported that the NPR was staffed by some very young people who didn't understand what they were dealing with. How many of them were there and how were they selected to become part of NPR?**

**A:** The NPR was fortunate to attract several dozen White House Interns and Presidential Management Interns to participate in this summer's work activities. Every effort was made to match their responsibilities with their experience and capabilities. All were volunteers who were interviewed and selected on the basis of background, interest, and motivation. It's important to remember that the management team of the NPR and the team leaders and members are experienced federal workers, many of whom have specific expertise in these kind of reviews and issues.

**Q: What is the value added of the NPR over all the OMB, GAO, IG and other reports that have already been written about reforming the way government operates? Why not just devote more high-level attention to implementing them and less attention to large-scale and potentially futile reports?**

**A:** There are several important differences that make this effort truly unique. First, the primary architects of these recommendations are experienced career professionals from inside the government, not outsiders with casual knowledge of what's right and wrong with our

systems. Second, we have reached out to thousands of others throughout the country through town hall meetings, the Philadelphia Summit, our 800 number and the tens of thousands of individual citizens who have written to us with their ideas and concerns. Third, these recommendations have been coordinated thoroughly at the highest levels of this Administration to ensure that they are valid, sound and practical solutions. And, sometimes the OMB, GAO, and IG recommendations didn't go far enough or identify solutions.

Finally no other administration has committed the Vice President to such an intensive and extensive effort to transform the entire government from top to bottom and side to side. Of course the final difference will be in what we accomplish, and these results will be far from futile.

**Q: How involved was OMB in the NPR? If OMB is doing its job, why is an NPR necessary?**

**A:** OMB has been intimately involved in NPR from the outset. In addition to Phil Lader being one of the principal leaders of NPR, there have been numerous other individuals from OMB who have supported NPR on a full-time or part-time basis. Every NPR team had an active OMB liaison and all the draft reports were made available to OMB for comment.

The reason for doing NPR outside of OMB is that OMB has had its hands full this summer preparing the President's budget for submission to Congress. As you well know, there have been constant questions and calls for information in addition to the round the clock negotiations with the Congress that OMB had to support. Thus precisely because OMB was completely devoted to doing its job--working the budget, not to mention fulfilling its management responsibilities --that the NPR was accomplished by other staff who could devote all their attention and energies to reinventing the government.

**Q: How did the NPR evaluate entitlement programs?**

**A:** The NPR did not address entitlements as a central focus. However in our agency reviews of HHS, VA, Education, Labor and other service-oriented departments, we have recommended ways in which certain entitlement programs can be managed more effectively and economically, and ways to reduce fraud in entitlement programs.

**Q: Why are there so few defense issues, given the size of the DOD and its obvious need for reform?**

**A:** The NPR has been careful to concentrate on areas where we could make distinct value added contributions to the current efforts of each agency to improve their internal operations. The DOD had already begun a major examination called the Bottom-up Review last January well before NPR started in March. The NPR therefore deferred to the Bottom-up Review.

**Q: How much influence did the DOD have in dissuading the NPR from taking on certain issues?**

**A:** Where DOD was already addressing specific issues in their Bottom-up Review, there was little reason for NPR to devote its attention and limited resources to duplicating the same study. DOD has been quite energetic in moving out on their own impressive reinvention initiatives and NPR has been cooperating with DOD to ensure that we our efforts are complementary.

**Q:** How were issues pared away from the NPR? Who decided what stayed and what got cut from your list of recommendations?

**A:** Those decisions were made after careful study and a great deal of consultation within the NPR and within the agencies. We wanted to make sure that the recommendations we put forward made sense and would accomplish the goals we sought -- improving the government and cutting costs. In some instances, we discovered that issues needed more time that we were able to give them in this six-month review and we're going to continue to study them. In other instances, it was clear early on when a recommendation just didn't make sense.

# The Vice President's Ashtray

**A**L GORE IS SHOWING ME THIS ASHTRAY. IT IS A standard, regulation federal "ash receiver, tobacco, desk type" and Gore has 10 pages of regulations to prove it. He flips through the specifications, giggling. "Can you believe this?" he says. "It's incredible. This is what you have to do if you want to sell the government an ashtray . . . Now, here's my favorite. This is the specification for how you test it." You put the ashtray on a plank, "a maple plank. It has to be maple, 44.5 millimeters thick." And you hit it with a steel punch "point ground to a 60 percent included angle" and a hammer. "The specimen should break into a small number of irregularly shaped pieces, not greater in number than 35." Gore is losing it now, belly-laughing. "But wait! Now we get to the specification of the pieces." To be counted as regulation shards, they must be "6.4 millimeters or more, on any three of its adjacent edges . . ."

And so on. "I've got some other interesting stuff," he says. Gore's office, once a repository of enviro-clutter, is becoming the Museum of the American Bureaucracy. There is a photo of piles of books, 1,088 pounds of them—the federal regulations for hiring and firing employees. There is a very expensive steam trap. There is a gray woolen glove liner from the Korean War. "Making sure we had enough of these was the rationale for the federal mohair subsidy," he says. "It costs \$190 million a year."

Gore and his staff have spent the past six months scouring the government for silliness. They have sent SWAT teams into each of the agencies. He has conducted town meetings for federal employees, a mix of stand-up comedy ("Can anybody give me an example of a really crazy federal regulation?") and encounter group ("How many of you believe it's too hard to terminate a federal employee for just cause?"). The vice president, in his inimitable fashion, has become obsessed. The product of his obsession—the National Performance Review (also known as the "reinventing government" study)—will be released on Sept. 7. It will contain a host of recommendations—not just reform of the procurement, personnel and budget systems but also specific programs that should be canceled or merged. It could save \$6 billion to \$8 billion per year (a similar effort in 1991 saved \$4 billion in Texas alone).

But only if it is implemented—and, the received wisdom says, these sorts of government-reform studies never get implemented. Still, Gore may have a chance to beat the odds. After the budget agony—and the promise of more cuts to come—his work seems the next logical step. With the federal bureaucracy nearing a state of surreal inertial thrombosis, some sort of rescue operation would probably have been required soon in any case. A quarter century of divided government has meant that everything has had to be spelled out (the Congress and the executive branch didn't trust each other, so they left lit-

tle to chance); the rules have grown incomprehensibly literal. Creativity is not encouraged. And the money wasted has become truly embarrassing—Gore has stories of \$1,500 laptop computers routinely purchased for \$3,500 (well, not routinely: in one case, 23 different officials had to approve), \$3 notebooks bought for \$6, and so on. These are not isolated cases; they are how the system works.

There seems, for once, the political will—and the possibility of a clever legislative mechanism—to make the necessary changes. Last week the Senate's Governmental Affairs Committee proposed a commission, similar to the recent defense base-closing board, to review Gore's recommendations and package them into a single piece of legislation, relatively immune from the predations of committee chairmen (who usually pick such things apart). There is

a good chance that this idea will receive bipartisan, maybe even tripartisan, support. Bob Dole is desperately seeking something not to be nasty about and, sources say, may endorse Gore's proposals—if they really take a bite out of the bureaucracy. There's also Ross Perot, who was a fan of the Texas performance review and has called Gore to offer encouragement. Moderate Democrats like Bob Kerrey have long favored a drastic housecleaning. Which leaves only . . . the rest of the Democratic Party, especially its most powerful panjandruns, as potential opponents.

**Message zombie:** And it leaves Clinton with a dilemma. During the campaign—early on, before he became a message zombie—he often said that a Democrat would succeed as president only if he convinced the public he wasn't going to waste its money. The past six months have proved him right. If Clinton had taken Gore's effort as his own, if he had made a crusade of the ashtrays and personnel rules and mohair subsidies that render the government ridiculous—if he had made

good management his maxim—he might have built the credibility needed to ask for new taxes and spending (or found enough savings to make some of his taxes irrelevant). But he cast his lot with the very people—the callous, corrupt, cowardly congressional leaders—most likely to torpedo a real reform effort. Worse, he allowed them to define the limits of the possible.

So the president has a choice. He can delay or submerge Gore's report (as some *Hillaristas* want, to clear the decks for health reform). He can give the appearance of support, but stick with his congressional pals and allow them to gut it, as they did his budget plan. Or he can take a flier on a new, moderate, bipartisan coalition that might actually get the job done. The last will require courage and confrontation. He might lose, but it would be a strong loss, one that clarified the president's convictions and identified the real enemies of progress—as opposed to last week's "victory," which left the sour residue of weakness and presidential desperation.



Gore: Scouring government for silliness

# The New York Times

MONDAY, MAY 24, 1993

## We Got Mowed Down in Atlanta

By Al Gore

WASHINGTON — As Congress considers President Clinton's economic plan, the focus is on reducing the deficit, spending less and increasing investments that create jobs. But there's another deficit we're addressing as well, the trust deficit: a widespread belief Government simply can't be trusted to spend tax dollars wisely. To eliminate that credibility gap, we're working to develop a new customer-service contract with the American people that has a simple goal. We want to make the Government work better and cost less.

Since President Clinton asked me to lead the National Performance Review — a six-month comprehensive study of every Government agency — I've heard from thousands of Federal workers and private citizens.

Consider what the Federal Marshals Service of the Justice Department faced when it wanted to get the lawns mowed at houses it seized in drug cases. I heard about it from an employee of the Marshals Service in Atlanta. The department resells the houses and uses the money to finance the war on drugs. But to sell a house, you've got to keep it presentable and that means mowing the lawn. In Atlanta, they thought they'd hire a teenager for about \$10 a lawn. But procure-

ment regulations dictated that they had to do it competitively — and, of course, kids don't write bid proposals. So they had to negotiate a contract with a large firm to mow all the lawns in the Atlanta region — for \$40 a lawn.

Another Federal employee came to me with a contraption called a steam trap that's used to take dirt and oil out of steam lines. It costs about \$100. When it goes bad, it leaks about \$50 worth of steam a week. A Federal engineer wanted to replace some leaky ones. The problem was, the central procurement office had been directed to buy in quantity to save money. So the office saved up all its requests for traps for a solid year. It bought every \$100 steam trap for \$90 and saved \$10. While it waited, each leaky trap cost the taxpayers 50 weeks of steam. That came to \$2,500 — \$2,500 to save \$10.

An Interior Department employee told me how she used the frequent-flyer miles she earned on Government travel to get a free ticket for a Government trip. But the trip required that she stay over for a Saturday night. She did, staying with

saved it \$331 by giving up her Saturday in exchange for a free ticket.

In 1989, an administrator of the Alcohol, Drug Abuse and Mental Health Administration admitted to The Wall Street Journal that his agency did not even monitor the results of the \$2 billion it spent each year.

A Department of Transportation employee told me about a telephone device for the deaf that the agency purchased for her use. She could have bought it retail for \$300. The department paid \$600.

These stories demonstrate that Government has a lot of good people trapped in bad systems.

We need to move from an industrial-age Government to an information-age Government. We are working to change the very culture of our Government. We want a Government that measures performance and puts its customers first. We want to inject competition within Government and make Government more market-oriented. We want to empower communities to solve their own problems, give workers the power to make their own decisions and then hold them accountable for the results.

This fall, the National Performance Review will produce a report with specific suggestions for steps we can take immediately and for longer-term action to bring about real change. It's time we created a Government that can move on issues as small as a steam trap and as large as our future.

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False economies  
cost the U.S.  
big bucks.

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friends instead of incurring hotel costs. But when she returned the department refused to pay the extra per diem — \$38 — even though she had

## REVOLUTION MUST COME FROM WITHIN

# We can cut the federal trust deficit

By Al Gore

Vice President of the United States

I learned a lot of things last month when I met with several hundred federal workers in Denver. But one message came through loud and clear: government can work better and cost less.

That's the goal of the National Performance Review, a six-month, comprehensive study of every federal agency, which President Clinton has asked me to lead. The federal workers in Denver gave us a lot to consider.

A Bureau of Land Management worker was frustrated by the inability of his department to plan ahead. Somebody else was horrified by the paperwork it took to get reimbursed for something as simple as batteries for a pager. Yet another worker objected to the idea of spending \$50 in requisition time for a \$10 item.

At one point I asked if anybody had had the experience of spending money just because it was the end of the budget year and their superiors knew that to turn money back would be to have it cut from next year's budget.

Everybody laughed. Just about every hand went up. And a Bureau of Mines worker said, "That's probably happened two thirds of the years that I've lived with them."

Many of these complaints are not new or surprising. But the willingness to utter them in front of superiors — and the

depth and passion with which they were uttered — was startling.

Since President Clinton asked me to lead the National Performance Review I've heard from thousands of Federal workers and private citizens — many of whom have complaints similar to what I heard in Denver.

✓ Example: One federal employee came to me with a contraption called a steam trap that's supposed to take dirt and oil out of steam lines. It costs about \$100. When it goes bad it leaks about \$50 worth of steam a week.

A federal engineer wanted to replace some leaky ones. The problem was, the central procurement office had been directed to buy in quantity to save money. So the office saved up all its requests for traps for a solid year. It bought every \$100 steam trap for \$90 and saved \$10. While it waited, each leaky trap cost the taxpayers 50 weeks of steam. That came to \$2,500.

\$2,500 to save \$10.

✓ Example: A worker in the Federal Marshals Service of the Justice Department told me about what that department faced in Atlanta, when it wanted to get the lawns mowed at houses it seized in drug cases.

The department resells the houses and uses the money to finance the war on drugs. But to sell a house, you've got to keep it presentable and that means mowing the lawn. In Atlanta, they thought they'd hire a teenager for about \$10 a lawn.



But procurement regulations dictated they had to do it competitively — and of course, kids don't write bid proposals. So they had to negotiate a contract with a large firm to mow all the lawns in the Atlanta region — for \$40 a lawn.

These stories — there were dozens and dozens of others — demonstrate that Government has a lot of good people trapped in bad systems.

Please see GORE on 5-D

## Good workers caught in bad system

GORE from Page 1-D

Some have pointed out that the obstacles to good government these examples illustrate lie not just in the written regulations but an ingrained mode of behavior on the part of federal workers.

That's true. For that reason, we need to change the very culture of our government. We need to move from an industrial-age government to an information-age government.

Four principles will guide this revolution in government:

1. Before we ask ordinary Americans to do more, government must learn to make do with less. It is time to demonstrate that government can be as frugal as any household in America.

2. Our goal is to improve services and expand opportunity, not bureaucracy. Over the past decade, America's most successful companies restructured themselves to meet global competition by eliminating unnecessary layers of management, putting more power into the hands of front-line workers and finding out what their customers want — then delivering it. The federal government has to do the same thing.

3. Government will only succeed if it listens to its customers, the American people. We need to make government customer-friendly — by giving people more choices, better services, and a bigger say

in how their government works.

4. This revolution in government must come from within. No one is more frustrated by bureaucracy than the workers who deal with it every day. Employees at the front lines know how to make government work if someone will listen.

What have we learned so far?

For one thing, we've learned that we need to inject competition within Government and make government more market-oriented. We want to empower communities to solve their own problems, give workers the power to make their own decisions and then hold them accountable for the results. For while Congress focuses on President Clinton's plan to reduce the deficit, we must address another deficit: the trust deficit — the widespread belief that government simply can't be trusted to spend tax dollars wisely.

This fall, the National Performance Review will produce a report with specific suggestions for steps we can take right away and in the future to meet our twin goals — better service and less cost.

Reflected in that report will be the stories and suggestions I carried back to Washington from that exchange of views in Denver. It will be a report with the potential for real change. It's time we created a government that can move on issues as small as a steam trap — and as large as our future.

# No more government-as-usual

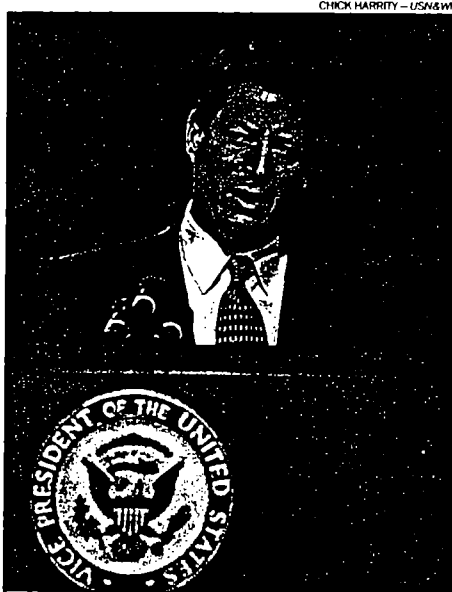
**P**ublic distrust is producing a hydraulic pressure for cutting government, and voters will keep pushing until they get real results. Democrats—who represent the party of government—may control the White House and Congress, but voters in a February ABC News-Washington Post poll said they favor a smaller government and fewer services by a 67 percent to 30 percent margin over a larger government with many services. That is a sharp increase in antigovernment sentiment from the 49 percent to 43 percent spread in 1984. The Clinton administration, which did not see this hostility as clearly as legislators did, had to scale back spending to please House Democrats and saw its stimulus package blocked by Senate Republicans.

Americans want government reformed, as other major institutions have been reformed over the past 15 years. The military, in shambles in the mid-'70s, remade itself splendidly. The U.S. auto and steel industries transformed themselves from high-cost, low-quality producers in the late 1970s to industries competitive in cost and quality, though with work forces literally cut in half. Recent headlines have been screaming the job cuts at other U.S. industrial giants—50,000 at Sears, 25,000 at IBM, 25,000 at Boeing, 10,000 at Pratt & Whitney. In the political sphere, the same pressures apply, and Bill Clinton will find himself pressed to make more cuts in the federal work force than the 100,000 he promised during the campaign to cut through attrition.

**Watch the governors.** If President Clinton and Vice President Al Gore, who is in charge of the administration's massive review of government agencies, want to take advantage of the political currents, they should take heed of the recent experience of governors: Those who cut spending and the size of the government work force are doing well; those who raised taxes and did not seriously slash public job rolls are in trouble. Massachusetts Gov. William Weld cut spending 1.5 percent in 1991 and now has a 52 percent favorable rating in a heavily Democratic state; South Carolina Gov. Carroll Campbell cut spending 4 percent in 1992 and had a positive job rating from 68 percent of voters, the highest in the South. Both were forced to act by events: Weld by a state bond rating falling to Third World levels, Campbell by a court order. But both found they could make real cuts without imposing great pain. "For 30 days, they all said things would be terrible," says Campbell, "and then I didn't hear any more of it." To avoid cuts in popular services, Weld told his appointees

that it was their job to manage the cuts smartly and that anyone who wanted to come in and argue for more money "should bring with him a signed copy of his resignation." Florida Gov. Lawton Chiles, in contrast, while pushing for some significant government reforms, has been pressing constantly for increased taxes and had a positive rating from only 23 percent of voters, one of the lowest in the country. That suggests that voters want better government before they will ante up more money, not after.

Clinton seems to understand this, although his budget proposals and other policy stances do not yet show how serious he is about meeting his promise to organize a "revolution in government." He has given the vice president six months to complete a "National Performance Review," modeled on Texas Controller John Sharp's popular and hugely successful audit of his state's government. And Gore got off to an impressive start by hiring the Progressive Policy Institute's Elaine Kamarck; Sharp aide Billy Hamilton; David Osborne, co-author of "Reinventing Government," and Robert Stone, a career Defense Department manager whose work Osborne cites. All this, Gore says, is focused "not just on cutting wasteful spending but also on improving services and making our government work better. We want major savings, major reforms and major innovations." The new head of the Office of Personnel Management, James King, is also working to redesign how the civil service works. "Most want to be responsive," he says of federal employees. But there have to be changes in incentives and accountability—old rigid rules have to be



*'We want major savings, major reforms and major innovations.'*

dropped, and managers have to be given more flexibility to achieve goals, with greater rewards when they do and penalties when they don't. King concedes that changes in law may be necessary. "I got a sense of bipartisan cooperation when I went on the Hill," he says.

Clinton's political problem now is that these reform efforts are not nearly as visible as his tax increases and bigger-government programs. The president's health care reforms, which will include major tax increases and more government intervention in the economy, could add to the perception that he is more of a partisan for big government than an advocate for government reform. The Clintonites' ideas for changing government are serious and attractive, and the people involved are able and committed. But they have a daunting task in matching the president's policy visions with the public demand for serious reform and fewer public employees. ■

## OUR OPINION

# Gore a credible 'reinventor'

It was a curious but hopeful scene. His suit jacket shed and his shirt sleeves rolled up as a concession to Washington's August humidity, Vice President Al Gore stood in the Pentagon courtyard, surrounded by nearly 1,000 federal employees. No, they weren't demanding a pay raise. They were there at Gore's invitation to talk about "reinventing government," a central theme of the 1992 presidential campaign that carried President Clinton and his running mate into the White House.

Last week's give-and-take at the Pentagon is part of an effort by the Clinton administration to follow up on that campaign promise by "reinventing" how the federal government goes about its everyday tasks, such as budgeting, buying supplies and equipment, dealing with employees and better relating to its "customers," meaning every citizen of the United States. Gore is leading a task force that is scheduled to issue a report in September. If its recommendations reflect the honest self-criticism that took place at the Pentagon and other stops along Gore's route, perhaps the "quality revolution" that has swept through so many private companies will have finally reached Washington.

Gore and the military and civilian

employees who gathered in the Pentagon's spacious courtyard discussed job performance reviews, procurement regulations, budgeting practices that encourage an agency to spend all its money by the end of the fiscal year lest it be penalized in the next budget, overspecification in contracts, travel rules, job classifications and many other nuts and bolts procedures. The picture that emerged (the event was telecast on C-SPAN) was of federal employees who cared about doing a good job and saving the taxpayers' money, and of a vice president who seemed committed to change.

More than once, Gore cited examples of "high-performing organizations" in the private sector and how they have changed to remain competitive. He lamented that federal managers who save money on Program A are rarely given the option of applying the savings to underfinanced Program B. He said it's sad that federal workers who shortcut red tape to get better results too often get reprimands instead of rewards.

Gore's report, sort of a "national performance review," is one of several efforts under way to change how the federal government works. Another one involves learning from successful programs in states such as Wisconsin.

None of these efforts will take hold overnight, but if it's the beginning of new ways of thinking about how the government does business, so much the better. Clinton told voters last year that he wanted to reinvent government. It's reassuring that Gore has been put in charge of the laboratory.



Al Gore

## You Are the Key to Reinventing Government

*Vice President Al Gore sent this special message to Federal Times for federal employees during Public Service Recognition Week.*

In the 1980s, American business went through a dramatic and bold change in the way it operated. Across the country, the business pyramid was turned upside down.

Instead of making decisions solely at the top, managers considered input from every level of their organizations. And they decided that what the customer wanted was what they wanted, too.

In the beginning, there were naysayers who claimed that this type of approach wouldn't work: Decisions should be made at the highest levels only, and if those decisions didn't increase profits immediately, then they weren't right.

But over time, what's known as total quality management swept the most successful American businesses and not only met expectations, but exceeded them.

The president and I believe that some of the same lessons business learned in the 1980s can be applied to the federal government now. Just as American business "reinvented" itself to be more productive and responsive a decade ago, so can the federal government.

After all, American taxpayers are the customers of the federal government. And federal employees know better than any of us that the government could be working harder and smarter for the American people.

On March 3, the president announced a six-month National Performance Review of the entire federal government. He appointed me to oversee that effort.

Our mission: to "reinvent" a government that puts people first by serving its customers, empowering its employees, fostering excellence and dedicating itself to making sure that the taxpayers get maximum value for their tax dollars.

To accomplish this objective, the National Performance Review will be asking some important questions:

- What kind of federal government would we like to see by the beginning of the 21st century?

- What are the barriers that prevent us from achieving those goals at present?



*'Employees at the front lines know how to make government work, if someone will listen.'*

**Vice President Al Gore**

- What changes can we make to overcome those barriers?

- What and where is the federal government doing things right and providing the taxpayers with real value for their tax dollars?

We need your help as federal employees in answering these questions. I have met some of you in Washington, D.C., and across the country, and I know that it's you — the employees on the front lines — who know best how to do your jobs better, work more efficiently, and save money in the process.

In our effort to reinvent government, five principles will guide this revolution. The first is that before we ask ordinary Americans to do more, government must learn to make do with less. It is time to demonstrate

that government can be as frugal as any household in America.

Our second goal is to improve services and expand opportunity, not bureaucracy.

Over the past decade, America's most successful companies restructured themselves to meet the global competition by eliminating unnecessary layers of management, putting more power in the hands of front-line workers, and finding out what their customers want — and then delivering it.

Third, government will succeed only if it listens to its customers, the American people. We need to make government customer friendly — by giving people more choices, better services, and a bigger say.

Fourth, the federal government has to empower states and localities to help themselves and their citizens. Government should not stand in the way of creative, grass-roots innovation.

And finally, this revolution in government must come from within. No one is more frustrated by the bureaucracy than the workers who deal with it every day and know better than anyone how to fix it. Employees at the front lines know how to make government work, if someone will listen.

To this end, the National Performance Review is not being conducted by a group of outsiders who have been brought in to tell federal workers how to do their jobs. The majority of those involved in the review will be federal employees such as yourselves working with task force team members.

With your help, we will instill a new spirit of responsibility and innovation into every level of the federal government. We will revolutionize the way government works, encourage new and innovative ways of doing business.

For example, we have asked each Cabinet secretary and the heads of major government agencies to create a team within their agencies to work with National Performance Review team members to prepare both short- and long-term agendas for change in their departments.

We will put more than 100 managers, auditors, and front-line employees from across the government to work on specific recommendations for improving services and cutting waste.

They will evaluate the efficiency of every

federal program and service, identify specific spending cuts in federal programs and services that don't work anymore or no longer advance the mission they were intended to serve, and recommend ways to streamline the bureaucracy by eliminating unnecessary layers of management and reducing duplication of effort.

Most importantly, they will ask federal workers and the American people to send to the National Performance Review specific suggestions on how to improve services and cut bureaucratic waste.

At the end of the summer, the National Performance Review will report to the president. Our report will include a description of the government we would like to have and an analysis of the barriers that stand in our way.

We will set forth a series of specific recommendations to reduce waste and make our government more effective, more efficient, and more responsive. These will include recommendations that identify specific cuts, user-friendly improvements to government operations and savings resulting from our reinventing efforts.

Some recommendations will address the systems that affect nearly all federal programs, while others, generated in full cooperation with Cabinet secretaries and agency heads, will deal specifically with the operations of a particular agency.

I ask for your help and your input. Think boldly, broadly and creatively. Think big. We want major savings, major reforms and major innovations. And we want your suggestions.

How can we clarify agency missions? Would thinning out layers of bureaucracy improve managers' ability to serve their customers? How can we bring the information age that has so transformed our private sector to the public sector?

These are but a small sample of the questions which I hope you and your counterparts throughout government will ask in the coming months. Our work will make a difference.

It's a challenge we'll meet together. Putting people first is a principle that President Clinton is translating into policy. We join him in that effort. I look forward to working with you.

Remarks of  
Vice-President Al Gore  
May 24, 1993  
Washington, DC

Mark Twain once wrote about a sermon that began so well that as he listened he vowed to put \$20 in the collection plate. After ten minutes he upped it to \$50. After a half hour he cut back to \$10 -- and by the time the plate came around he stole \$5 from it.

No collection plate, today. But I hope your applause and your enthusiasm is as strong when I'm done because together, we face an urgent and important responsibility.

We're going to talk today about some big ideas. But I want to start with something small. In fact, it's so small I can hold it in the palm of my hand.

It's a contraption called a steam trap. I've had this one in my office ever since a federal employee brought it to me because he was so fed up with the system under which he had to work.

This steam trap takes dirt and oil out of steam lines. It costs about \$100. When it goes bad, it begins to leak. It leaks about \$50 worth of steam each week.

The man who brought it to me had uncovered some leaky ones and wanted to replace them.

The problem was, the central procurement office had been directed to buy in quantity to save money. To do that, they saved up all their requests for leaky steam traps. In fact, they saved them for a solid year.

Sure enough, they got a discount. They bought each \$100 trap for \$90. Saved ten bucks.

In the meantime, though, how much did each leaky trap cost the taxpayers?

That's right. 50 weeks of steam. \$2500.

\$2500 to save ten dollars.

Is that an isolated case of government inefficiency?

Not according to one man who stood up at a meeting of federal employees a while back.

"I work for the marshals service of the Justice Department," he told me.

The marshals seize the property of drug dealers. For example, if they seize a load of drugs in the dealer's house, they can confiscate his house. The Justice Department then resells these houses, using the money to help finance the war against drugs.

Of course, in order to sell these houses you have to keep them presentable. That means mowing the lawns.

How would you keep those lawns mowed? Well, in Atlanta, where this man worked, you would hire a teenager to do it for about ten bucks a lawn.

Not in this government.

"Procurement," said this worker, "told us that the marshals had to do this competitively. Kids don't write proposals." So they eventually had to contract with a firm to mow all the lawns in the Atlanta region -- for \$40 a lawn.

Stories like this have come in to my office again and again -- from frustrated federal workers and from the growing number of people doing excellent work analyzing the way government operates.

Their work makes it clear that the anecdotal evidence is true: that too much of the federal government is -- in David Osborne's phrase -- "approaching paralysis."

Does this mean nothing gets done? Of course not. Each minute in the federal government workers are doing useful things. Rebuilding roads. Researching cancer.

Investigating a homicide or a kidnapping.

But not enough is getting done. 61% of our roads need repair. A bridge closes every two days in America. 37 million people have no health insurance -- and millions more have seen their benefits cut. Ten million people eager to work can't find jobs, and millions more can't find housing they can afford.

Bureaucracy and red-tape frustrate the American people and the government workers who serve them, feeding a cynicism and anger that's real.

We can't even pay our bills. Over the last twelve years we ran up more debt than all the Presidents from George Washington to Jimmy Carter combined. The approach of the last two administrations reminded me of this t-shirt I saw once: "I can't be broke -- I've still got checks."

But even if we could pay all our bills, things wouldn't be right. Too many of our public systems just don't work, and money alone won't fix them.

Think about it. Is there anything more foolish than spending more money for something that doesn't work?

It's not that the people working in government are bad people. They're not. It's not that government is inherently incompetent. It's not. It's that these systems and programs are out of date.

They worked once. But times have changed.

In the 1930s, in the 1940s, in the 1950s and in the 1960s, we created large, top-down, centralized bureaucracies to do the public's business. Not only were they slow, cumbersome and unresponsive -- most of them were monopolies. As we all know, in today's world of rapid change, lightning-quick information technologies, tough global competition and demanding customers, large, lumbering, top-down monopolies -- public or private -- don't work very well.

But we're still using them. We're still trying to get an ocean liner to behave like a sleek, quick, and agile sailboat. It's impossible. The Queen Elizabeth won't turn on a dime.

But while the evidence of this failure to evolve and adapt is there for all to see, for too long the basic functioning of government has gone unexamined.

Think about our welfare system. It worked fine when Franklin Roosevelt created it in the 1930s. It was designed to help women who were widowed with children. But the world changed. We had a massive migration of rural southern sharecroppers into the north after World War II. Living in poverty, largely uneducated, in cities that simply couldn't cope with the change or provide work, these families disintegrated.

Did we ever change the program? Did we pay attention to creating jobs and skills? No. Not really. We've just kept on handing out the checks.

Think about our civil service system.

It was terrific when it was invented. It accomplished its mission. It controlled political patronage and arbitrary political firings. But that was in 1883. Do you think we should allow a personnel system designed for the 19th Century to take us into the 21st Century?

And while some of it still protects workers, can you imagine top managers in business having their hands tied when they want to reward their best employees for doing a good job? Or blocked by complicated rules when they want promote somebody -- and unable to give bonuses for superior performance?

Can you imagine top managers in business having to wait a year to fire an employee who's doing a terrible job? At the Interior Department last week, I asked 500 employees if it's currently too difficult to terminate someone for good cause and 90% of them raised their hands to say, "Yes."

And what about budget systems? We use a budget system that encourages managers to waste money. That's right -- we encourage people to waste lots of money. All of us here know what we mean by the phrase, "spend it or lose it." It means if you don't spend every penny of every line item every year, you have to give it back. Have any of you ever worked in an agency or office pushed by that rule? What if business worked that way? Or your household?

Imagine a business that couldn't move money from its equipment budget to personnel. Or one with 450 job classifications. Or one not allowed to buy what it needs, when it's needed, at the best price.

This isn't a partisan thing.

You know, the late Senator Hayakawa from California used to describe the two parties this way. A Republican (he said) sees a drowning man fifty feet from shore, throws him a twenty foot rope and tells him swimming the thirty feet is good for his character. A Democrat would throw him a 100 foot rope -- then walk away looking for other good deeds.

The fact is, there's plenty of blame to go around. Both parties have been part of the problem. And both parties must help meet the challenge before us today: to create a government for the Twenty-First century.

President Clinton is moving to meet that challenge, providing the bold and creative leadership it demands, showing the courage to take risks and the willingness to innovate.

We've all had enough experience listening to people talk about what's wrong with government. And we've seen what happens when all we get is a lecture. Nothing happens. Nothing changes. The only winners are the cynics. It's time the American people were the winners and talk turned to action.

President Clinton and I are determined to get results. We want to change and improve the way our government works. It'll make your jobs -- and ours -- easier, and it will provide the American people better value and service for their tax dollars.

We've already started. The President started at the White House, cutting his own staff by 25 percent and making it clear that the days of perks and privileges are over. He's ordered \$16 billion in administrative savings.

He's pared the bureaucracy. He's parked the limos.

You're here because you're part of teams within your agencies dedicated to this effort; teams created because the President directed his Cabinet to move forward and take action within every agency.

We're working to reform the welfare system and the First Lady is leading an historic effort to reform our health care system.

We are determined to move from industrial age government to information age government ... from a government preoccupied with sustaining itself to a government clearly focused on serving the people.

It will not be easy. Change rarely is. It demands a shared commitment and a cooperative effort.

After all, nowhere is it written that the government can't be thrifty, or flexible -- or even creative and competitive. All over our country local and state governments, faced with the same kinds of fiscal constraints as the federal government, are making changes. It's time the federal government paid attention.

We need a federal government that delivers more for less.

We need a federal government that treats its taxpayers as if they were customers and treats taxpayer dollars with respect for the sweat and sacrifice that earned them.

We need a government that can respond quickly and efficiently to today's challenges instead of rusting and rigid bureaucracies still running on yesterday's clock. We must

undergo a change in the way we do business as profound -- and for some, as difficult -- as the transformation from typewriter to computer.

Now, I don't want to pretend that this administration is the first to see the need to reorganize government.

In fact, listen to this message to Congress:

"The time has come to set our house in order. The administrative management of the Government needs overhauling. The executive structure of the Government is sadly out of date. If we have faith in our republican form of government we must devote ourselves energetically and courageously to the task of making that Government efficient."

That was President Roosevelt, in 1937. And the result of that message was the Brownlow Committee and -- later -- the First Hoover Commission which carried out so many of the Brownlow Committee recommendations. Any of you who majored in Public Administration know that.

The Brownlow Committee has been called the "high noon of orthodoxy." It sought to model government after the highly stratified companies of the Industrial Age.

And for more than a generation, those companies were useful models.

But American business recognized when they got rusty. It has spent much of the last ten years reinventing itself. Decentralizing. Giving both responsibility and authority to employees and then holding them accountable over time for results. Finding new ways to meet their customers' needs.

The Gap doesn't work the way Sears did. Microsoft doesn't work the way IBM did. These new businesses talk about an 18-month product cycle -- way too short a time to pass decisions up and down an elaborate, heirarchical chain of command.

But government has preserved its outmoded ways. The quality revolution has changed the way business works. But it has -- for the most part -- by-passed the federal government.

Employees tried to bring it in, but with a few notable exceptions, it hasn't yet taken hold.

That's why government can't keep up. That's why government can't buy steam traps when it needs to. That's why it pays four times as much as it should to mow lawns.

Can we afford to do nothing?

Well, the other day, at a Town Hall meeting about these problems, an IRS worker got up and told me, "If you always do what you always did, you'll always get what you always got."

The President doesn't want that. Neither do I.

And that is why he has asked me to conduct a thorough National Performance Review, an examination of how government works -- and can work better, and more efficiently. How taxpayers' dollars can be used wisely and well.

It will take six months to complete our review. But the spirit of change, of innovation, of renewed purpose and shared goals -- the commitment to provide high quality, low cost service to the American people -- will operate as long as this Administration remains in office. And the people who will make it work, who will sustain the change and the spirit, are those of us in this room.

You know, in 1899, Charles Duell, the Director of the U.S. Patent Office, said, "Everything that can be invented has been invented."

He was wrong then. He'd be just as wrong, today.

We intend nothing less than to reinvent government to make it work for people.

Our work has a short-term deadline but a long term goal -- creating a government that puts people first. Right now, Americans -- the people who are our customers -- too often feel that the government puts them last. That government costs too much. Or it's too slow. Or

too arrogant. Or too unresponsive. Or all of the above.

Our customers are right. And so, our long-term goal is to change the very culture of the federal government.

How do we do that?

Let me outline six principles.

The first thing we're going to do is start measuring the results of everything we do in government. Have you ever wondered why government programs never go away? Why, once they're created, they last forever?

One reason is we too rarely measure the results of what we do. We measure what we put in, not what we get out. We don't set goals and then measure to see if we're achieving them. And we sure don't tie our funding decisions to results.

A few years ago the Bush Administration declared war on drugs. But the federal government had never measured the results of its previous antidrug efforts so they had no idea what worked. They just poured more money down the same holes into which the Reagan administration had already poured \$21 billion -- interdiction, investigation and prosecution.

Now I'm the last person to object to spending money to fight drugs. But my point is: we've got to know what works.

The Wall Street Journal did a long report in 1989 which showed that eight years of effort on that front had "hardly put a dent" in the drug traffic. One of the the few evaluations the Journal could find -- by the Rand Corporation -- concluded that \$5.72 billion spent on Coast Guard cutters, jets and radar-equipped blimps had done little more than raise the price of illegal drugs by four percent.

Drug treatment? An administrator of the Alcohol, Drug Abuse and Mental Health Administration admitted to the Journal that his agency didn't even monitor the results of the \$2 billion a year it spent.

It's hard to hit a home run -- or even get a piece of the ball -- when you're blindfolded. But that's what we've been trying to do in the federal government. State and local governments across the country are taking off the blindfolds and turning to something called performance measurement. It's time we did the same in Washington.

There's a Senate bill sponsored by Senators John Glenn and William Roth -- S.20 -- dealing with performance measurement. I'm confident the Senate and House will pass it, the President supports it, and I can't wait till he signs it into law.

So first is measurement.

The second thing we have to do is put the customer in the driver's seat.

We almost never use the word "customer" in government. But what are the students we educate, the people we train for jobs, the drivers we build roads for, if not our customers?

And what do customers always want?

For one thing, they want value for the money they work hard to earn. They want efficient and convenient service. They want to be able to find what they need when they need it, without hassles or headaches. They want to have confidence in the people they rely on.

And they want choices along with the freedom to make those choices. If we're going to put our customers first, then we're going to have to give them value for the dollar, efficient and convenient service, earn their confidence, and offer them a choice.

When you turn on your television you don't want one channel. When you go to the grocery store you don't want one brand of cereal. You want Wheaties and Cheerios and Total and -- if you have kids -- Froot Loops, Super Golden Crisp, and all the others to choose from.

Same with government.

It really isn't such a radical idea. In fact, I think you can argue that the most successful social program in the history of America was a program built around customer choice. It was called the GI bill.

After World War II we didn't build GI universities and assign veterans to the university closest to their home. We let them choose their institution -- college, university, or technical school. As long as it was accredited the GI bill would pay.

It worked. The GI bill took a generation traumatized by war and turned it into the educated backbone of a 30-year economic boom.

That's a success story. And the principle of choice can be applied to the rest of government, too.

The third thing we need to do is inject competition into government services.

It's a funny thing: Americans hate monopoly in the private sector but they tolerate it in the public sector. To this day, if a politician sees competition, he's likely to call it waste and duplication and do his best to eliminate it. He thinks he's saving money. But you know that monopolies don't save any money -- except maybe for their stockholders.

Now let me make one thing clear. I'm not talking about that gimmick trotted out to produce some short-term budget reductions called "privatization."

I'm talking about competition within government.

It's worked in the Defense Department. Bill Creech, the general who took over the Tactical Air Command back in 1978, was a big fan of competition. He encouraged it throughout his command. They measured the performance of every squadron, and they posted the results so everybody -- the pilots, mechanics, everybody -- knew who was the best. And you know what? In six years Creech doubled the productivity of that command.

On every important measure -- sortie rates, repair times, flying time -- TAC virtually doubled its performance and maintained their high quality work.

Imagine the potential if we really encouraged all federal workers to strive for excellence and gave them the freedom to do it.

The fourth thing we need to do flows from the idea of competition and customers:

We need to make government more market oriented. You know, people in Washington have what some folks call "programmitis." They see a problem, they instantly want to create a program to solve it.

Newsweek recently quoted Lyndon Johnson as saying, "I'm in favor of lots of programs and against damn few." They implied that this Administration believed the same thing.

Nothing could be farther from the truth. Sometimes programs aren't the best solution. Sometimes it's more effective to use government's leverage to change what happens in the private sector.

Like housing. Back in 1930 Americans who wanted to buy homes had to put 50 percent down and repay the mortgage in five years. But FDR created the Federal Housing Administration and it decided to try out mortgages requiring only 20 percent down, which people could repay over 30 years. It forced a change in the banking industry which today we take for granted.

Ask yourself: would we be better off if FDR had created half a dozen low and moderate-income housing programs? Or are we better off because he changed the marketplace?

Now, I want to make sure you understand: I'm not saying, "Leave matters to the free market." That's the Republican line. They think the market will solve our problems if we just ignore them and leave the market free to work.

That's hogwash. That's what gave us the Depression, and later, the S&L Crisis. We need to use the government's leverage to influence positively what happens in the private sector -- and to use the power of the market to influence positively what happens in government.

Which brings me to my fifth point. To make government more effective in this country, we need to empower communities to solve their own problems.

Usually, in government, the professionals and bureaucrats have all the control. The people they're supposed to serve have none. They're dependent. After we treat them as dependents for a generation, it sticks.

That's one reason welfare dependency is such a problem.

The President feels strongly that we've got to push money and control out of the federal bureaucracy and into the community. And so do I.

I've seen it work in Miami, where I recently visited a school that doubles as a community center, or Chicago -- where I recently walked down 95th Street on the South Side looking at a program that put more cops on the beat.

That was an eye opener. At one point we had a kind of roundtable discussion with some police and firefighters and shopkeepers on the sidewalk, and they talked about how much safer this made the entire community. Federal dollars? Yes. Federal control? No.

We have to empower communities. And we have to move from hierarchy to participation and teamwork.

And that brings me to my final principle: decentralization. You know, if you talk to computer people these days, they will talk excitedly about what they call "massively parallel" computers.

For those of you who think of computers as something your kids understand, let me explain.

Computers with central processors solve problems in sequence -- one by one, each bit of information is sent back and forth from the central processor to the memory where it's stored. . It's like running errands on Saturday and going home in between each stop to the cleaners, the grocery, and the shoe-maker. Even at the speed of light, that takes time.

On the other hand, massively-parallel computers have hundreds ... or thousands ... of little processors located within the field of memory that simultaneously solve the different elements of a given problem. So, the problem is split into little pieces that are all attacked at the same time by processors, and then solved when the pieces are all brought together. As though you stayed home and six different people brought you what you needed.

For somewhat the same reason, incidentally, representative democracy is better than a dictatorship. Each citizen has a little bit of freedom to make decisions. The cumulative result is not only morally superior than having decisions made by some dictator in a castle -- it's more efficient.

That's the way government should work. And why not?

Conditions change quickly. We don't have time to let information wend its way slowly from desk to desk. We've got to give workers the power to make their own decisions.

There are lots of questions to ask.

How can we clarify agency missions? Would thinning out layers of bureaucracy improve the line managers' ability to serve customers? Can we improve the way we hire and train?

How can we bring the information age that has so transformed our private sector into the public sector? Can we reduce the number of rules and regulations that don't directly add value to an agency's mission?

Can we create programs in ways that make sure the design matches the mission?

Finally, what should we stop doing because it just doesn't need to be done anymore?  
Measurement should help us a lot with that question.

This is not the first time people have tried to make government efficient. Even the Brownlow Committee was part of a long line of such efforts -- some successful.

The other day someone told me that in the 1580s the British created a continuously manned station responsible for lighting a bonfire on the cliffs of Dover whenever the Spanish Armada was sighted.

But eventually they did a review and abolished that job.

Of course, they didn't abolish it till 1946.

I think we can do better.

For one thing, we are dramatically different from other attempts that produced reports now gathering dust on the shelves. You know, there's a story about a politician who came to town for a banquet. And as he was sitting at the head table, a waiter came by and put a pat of butter on his plate.

The politician asked, "Can I have another pat of butter?"

The waiter said, "Sorry. One pat per person."

"Well," the politician said, "I guess you don't know who I am. I'm extremely important." And recited his resume in great detail.

When he was done, the waiter said, "I guess you don't know who I am."

"I guess I don't. Who are you?"

"I'm the guy," the waiter said, "who controls the butter."

In Washington, there's always someone who controls the butter.

Maybe it's a vote. Maybe it's a committee. Maybe it's an insight or a procedure or an idea.

The result is you don't accomplish things alone. Not even a President does.

If we succeed in reinventing government we will do it through a partnership.

And that's the purpose of this meeting today.

Because this Performance Review will not be run by a group of high-priced consultants brought in to tell federal workers how to do their jobs.

It will be the result of all of us in this room working as partners.

None of us has all the answers. Each one of us knows some of the answers.

We will succeed only if each of us provides the insights only we are best equipped to share.

But if we work together, we will succeed.

We will empower communities.

We will use market principles.

We will measure results.

We will decentralize.

We will treat Americans like customers again.

Very different from the way government has been run.

Since the New Deal we've had it in our minds that government's sole job is to deliver services. But government's real job is much more profound.

If you look back at the roots of the word govern, it comes from a Greek word, which means to steer.

That pretty well summarizes what ought to be government's basic role in today's world.

I hope all of us, working together, can create a new role for the federal government. I hope we create a new partnership between government and people. We need a strong federal government, but we don't need a bigger federal government. We need a federal government

that steers our society to health -- not one where it rows every boat.

Will we make mistakes?

Plenty.

There have been times, these last few months, when I have thought of that story I used to hear back in Tennessee about an old man renowned for his wisdom.

One time, somebody asked him how come he was so smart.

"Well ... I've got good judgment," he said. "Good judgment comes from experience.

And experience? Well ... that comes from bad judgment."

We've made mistakes. But listen. Babe Ruth struck out 1330 times.

Meanwhile, we're hitting a lot of home runs.

Last year, people were arguing about whether the deficit could ever be reduced.

Now they've seen the President's plan and the debate is over how much we'll reduce it.

Last year, people were saying we could never cut spending. Now they've seen the President's plan and the argument is over how much he's cut.

Last year people were saying we could never reform the health care system that's bankrupting families.

Now they've seen the broad outlines of the President's plan and the debate is over how big a change we can get passed -- and whether that's enough.

Last year people thought long-term interest rates couldn't possibly get lower. Now they are rushing to refinance.

Last year people thought ideas like Family and Medical Leave and "Motor Voter" were dead in the water. Now they're both law.

Last year we were arguing about the consequences of inaction. This year we are arguing about the consequences of action.

I'm confident we can move to reshape government in a way that can carry this country into the 21st Century.

President Kennedy use to like telling the story about the French General who asked his gardner to plant a tree.

"Oh, this tree grows slowly," the gardener said. "It won't mature for a hundred years."

"Then there's no time to lose," the General said. "Plant it this afternoon."

The reforms we're after won't come in a day -- or a year. All the more reason to start now.

Work with me in the months ahead. Plant the seeds of a government that will work again.

Armed with your help, with the dedication and insight that has marked your own work in government, we can bring change to America.

I'm confident we can create a government that can move on issues as small as, well, as small as a steamtrap ... and as large as our future.

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OFFICE OF THE VICE PRESIDENT  
WASHINGTON

September 1, 1993

TO: JEFF BIGGS DIANNE DEWHIRST  
Office of the Speaker Office of the Majority Leader

FR: MARLA ROMASH *MR*  
Office of the Vice President

RE: NATIONAL PERFORMANCE REVIEW ANNOUNCEMENT

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I'm forwarding with this memo some background materials for internal use only that we thought would be helpful to you.

You'll find:

- o A summary explaining the National Performance Review;
- o Talking points;
- o Qs and As for basic questions;
- o Background clips and the major speech the Vice President delivered on this issue.

The National Performance Review report will be released Tues., Sept. 7 at the White House.

Specifically, at that time, we will release a 150+ page report, and a summary of that report. The report itself will be organized around our basic principles: Cutting red tape; customer service; empowering employees; and cutting back to basics. The major recommendations of the National Performance Review will be discussed in the report. All of the recommendations (and there are hundreds and hundreds of them) will be listed, with brief descriptions, in an appendix of the report. As well, that announcement will include a specific dollar figure for savings that would be produced if the report's recommendations are acted upon. (The recommendations themselves represent changes that can be made by the President, Cabinet, or agency heads and changes that will require Congressional action.)

This report will be the focus of Administration activities throughout the week of September 7.

The schedule is being planned now so few details are available. However, this report will represent a very clear and strong priority for the President and the entire Administration.

Please let me know if you need more information or if we can be helpful to you in any other way.

# The National Performance Review

## Background

The National Performance Review began on March 3, 1993 when President Clinton announced the six-month review of the federal government and asked Vice President Gore to lead the effort. The goal: create a government that works better and costs less.

Unlike past efforts that relied on outsiders, the Vice President gathered experienced federal workers and organized them into teams to examine federal agencies and issues that cut across agencies, such as personnel or procurement or budget policies. Approximately 200 federal workers made up the NPR teams. In addition, the President asked each cabinet secretary to organize a 'Reinvention Team' to work from within each agency and to create 'Reinvention Laboratories' where experiments in this new way of doing business could begin immediately.

The Vice President and the National Performance Review teams sought input from people all across America. Vice President Gore spoke with workers at every major agency and at federal centers around the country. He visited programs that work and companies that have implemented new practices, dramatically changing their operations and decreasing costs and increasing profits in the process. The Vice President and the National Performance Review teams learned from state and local leaders who have put many of these ideas into practice and they listened to the very best experts in the country -- from business, from government, from the academic community -- at special conferences in Philadelphia and Nashville. And, they listened to the American people whose letters and phone calls were invaluable.

The National Performance Review focused on *how* government should work, not on *what* it should do. With the exception of those programs recommended for elimination, it did not address policy issues. The National Performance Review teams examined virtually every cabinet department and key agencies. A 'bottom-up' review at the Department of Defense, begun two months before the review to meet the spending reductions in the President's 1994 budget, took precedence as did the work of the Health Care and Welfare Reform Task Forces at the Department of Health and Human Services.

The report of the National Performance review represents the beginning of what will be, and what must be, an ongoing commitment to change. It includes actions that will be taken now, by Executive Order of the President or by the cabinet secretaries and agency heads; recommendations for Congressional action; and a vision for the future, for long-term changes we must begin now. If implemented, these recommendations will revolutionize the way the federal government does business. They will reduce waste, eliminate obsolete functions, improve services to taxpayers and create a smaller but more productive government.

## TALKING POINTS THE NATIONAL PERFORMANCE REVIEW

The National Performance Review is about creating a government that works better and costs less, about cutting waste and reducing bureaucracy. Unlike similar efforts that have preceded it, the National Performance Review is not just about getting rid of waste -- though we do plenty of that -- it is also about fundamental and dramatic changes in the way the government works. It's about turning our government into a high-performance, low-cost organization.

o The National Performance Review is guided by four main principles:

1) Put the customer first, listening to them, restructuring basic operations to meet customer needs, and using market dynamics such as competition and customer choice to create incentives for success.

2) Cut red tape, shifting from a system based on accountability for following rules to one where you're accountable for achieving results.

3) Empower employees to get results, transforming the way they think and act by decentralizing authority, empowering those who work on the front lines to make more of their own decisions and solve more of their own problems.

4) Cut back to basics and create a government that works better and costs less by abandoning the obsolete, eliminating duplication, and ending special interest privileges.

o It's time we had a new customer service contract with the American people, a new guarantee of effective, efficient, and responsive government. It's time we treated taxpayers like customers.

o The National Performance review can help close the budget deficit but it can also help close the trust gap, showing the American people that their tax dollars will be treated with respect for the hard work that earned them.

o It's time to make government work and work efficiently. It's time we got our own house in order. The National Performance Review does that, getting rid of unnecessary rules and red tape that cost too much and don't serve us well enough, and streamlining the federal government.

o We're going to reform the way our government works, hold employees to new performance standards and insist on results. Instead of measuring what we put in, we're going to measure what we get out and what's accomplished. We're going to free federal employees from the rule that make their jobs more difficult but in return, we're going to demand performance.

o Special interest subsidies ought to be cut. There's no reason taxpayers should be picking up the bill for millions of dollars in special interest subsidies.

o We're going to get rid of programs that don't work, consolidate programs where there's duplication, and make sure that federal programs have a specific goal. The National Performance Review is consolidating programs and getting rid of outdated programs. And we're going to put an end to crazy rules that now allow people who defraud the government to get benefits to keep getting them.

o American business have recognized the need to change and restructure to stay competitive, increase profits, and satisfy their customers. It's time the government took the same approach. All across our country, businesses have recognized how new thinking and a new way of doing business can increase profits and cut costs. It's time our government learned that lesson from successful businesses and changed the way it does business to improve services and cut costs.

## **THE NATIONAL PERFORMANCE REVIEW QUESTIONS AND ANSWERS**

**Q: Why will this succeed when every other effort has failed?**

**A:** Most importantly, because there is leadership from the White House. President Clinton and Vice President Gore share a strong commitment to improving the way government works and to making government work better for less. That commitment is shared by every Cabinet Secretary and agency head across the government.

In addition, the National Performance Review -- unlike every other earlier effort of this kind -- did not bring in outside experts to create a report to gather dust on some shelf. The National Performance Review organized a team of talented, experienced career federal employees who know best (from first-hand experience) what's wrong and how to fix it.

The NPR Report offers specific recommendations and real savings -- for immediate action and over the long term. The President will sign executive orders and cabinet secretaries will take action to begin the kinds of dramatic changes the National Performance Review is recommending. Americans want a change. Federal employees want a change. The President and Vice President are determined to make it happen.

**Q: How do you expect to overcome Congressional opposition to your recommendations?**

**A:** We have been and will continue working closely with Congress on a bipartisan basis. This is not a political issue. The American people want change and they want to know their tax dollars are being spent wisely. They want a government that works. We believe Congress shares our determination to cut spending and reform the government. We're asking for some big changes and change is never easy. We know there are those who will defend the status quo -- even if it means wasteful spending and unnecessary bureaucracy. And, we expect some fights. But we intend to work with Congress to bring about these changes.

**Q: How do you propose to get all these hundreds of recommendations through Congress? Will you deal with each one individually? Use the Commission that the Senate Government Affairs Committee has approved? How?**

**A:** Remember, many of the actions we are proposing do not need Congressional approval. They can be accomplished by administrative action, by the President or by cabinet secretaries and agency heads. The President will sign executive orders and other directives, and cabinet secretaries will take action to implement many of these changes. Where Congressional action is needed, our goal is to identify the quickest way possible to gain Congressional approval for this package. We intend to work with Congress to identify the best way to move these proposals forward. If they are serious about cutting costs and serious about reforming government, they'll do just that.

**Q:** The National Performance Review report includes hundreds of recommendations. How many do you really expect to get accomplished?

**A:** We intend to dramatically change the way our government works -- to cut waste and bureaucracy, to create a government that works better and costs less. Many of the actions in the report we will take immediately. We intend to work with Congress to gain approval of the remainder. We recognize that the change we seek will not happen overnight. Ours is a long-term commitment and a long-term job. We're going to stay with it and keep working.

**Q:** Will there be another National Performance Review? When? Who will do the work?

**A:** This report represents the beginning of what will be an ongoing effort to create a government that works better and costs less. We intend to continue our work, through the newly established President's Management Council and through every Cabinet Secretary to change the way the government works, to improve services, cut bureaucracy and make sure taxpayers are getting their money's worth. In this review, we identified many things we can do and many things yet to be done so our work will continue. We are going to continue to look at different issues that we raised in this report and others that need more study. The 200 federal workers we assembled for this six-month project will go back to their agencies and bring with them this commitment to change. But considering the success of this project in identifying ways to make the government work better and cost less, we're certainly considering other similar reviews in the future.

**Q:** Did the Cabinet Secretaries have the ability to veto recommendations you had hoped to make? Were there instances where a cabinet secretary stopped you from acting?

**A:** We worked closely with the cabinet throughout this process. Remember, at the President's direction, each cabinet secretary created their own "reinvention" team and the national performance review teams worked closely with them. This was very much a collaborative not a confrontational process with a great deal of consultation and discussion. Our efforts were met with great support and enthusiasm from the cabinet - they are as eager as we are to improve the way the government works, to get rid of unnecessary bureaucracy and cut costs.

**Q:** What difference will all this make to the American people? And when?

**A:** In the end, it will mean better service and lower costs. For example, a faster return of income tax refunds, or better education or job training or improved community services and a feeling that they are being treated with respect. They may not notice the difference tomorrow, but we hope that before too long they will.

**Q: What's happened to the reports from all your teams? Will they be released?**

**A:** The work of our National Performance Review teams is reflected in the report we have released. We will, in the future, release additional details and supporting information in the individual team reports. You can imagine from the number of recommendations we are making, that there is an enormous amount of material. Our intention is to release the work of the teams at a later date.

**Q: Is it appropriate to have government employees conducting a review of themselves?**

**A:** Outsiders have traditionally reviewed the government and those efforts haven't succeeded as much as everyone would have liked, in part because they did not consult with those who have to live in the system. As any modern organization improvement expert, such as Tom Peters or Edwards Deming, will tell you, you have to involve those who are affected if you want real change to happen. The experience of other countries that have reinvented themselves shows that real change comes from within. We relied on team of experienced and talented federal workers who then sought advice and ideas from a wide range of groups and individuals.

**Q: How do you reconcile the message of cutting costs vs. reinventing government?**

**A:** The National Performance review is and always has been about both. If you're interested in really reducing costs over the long term, then you have to change the way the government works. That's one of the major reasons this review is different from others that preceded it. Those efforts only focused on waste and abuse and did not try to put in place a positive vision of how government should work in the future and a blueprint for how to get there. We want a government that works better for less. We found plenty of ways to save money and make government more efficient. But this is about more than that, it is about fundamental and profound changes in how government works. We intend to change the very culture of government. We're not after just short-term savings, but long-term changes. For example, by changing the incentives in the budget system so that federal managers are rewarded for saving money, the process of cutting costs becomes ongoing and long term.

**Q: How many people worked on the National Performance Review?**

**A:** We assembled a team of about 200 federal workers. Many of the federal employees are senior executives who have been frustrated with the system and know where the changes need to occur because they've been trying for years to bring about those changes. We have included line managers and employees who deliver services directly to the public. They come from the field as well as Washington, D.C..

In addition to the people on the National Performance Review team each Cabinet Secretary has put together his or her own internal reinvention team and those teams worked closely with the NPR teams.

**Q:** If we are going to empower federal employees, how are we going to keep them from making mistakes?

**A:** In most cases, the problem is not the people but rather the system in which they work. We think we can fix the "blundering" problems by setting clear expectations, rewards, and penalties for poor performance, by reforming the personnel system and giving managers the tools and incentives they need. We will measure performance and we will hold employees accountable for results. But we're going to do it in a way that really produces results instead of blocking them.

We need to find a clear balance between protecting the taxpayers money from outright fraud and abuse and protecting the taxpayers money from overly bureaucratic systems that waste money and make the government pay more than it needs to pay to get the job done.

**Q:** Are you planning to change the system so you can fire federal employees?

**A:** We're going to create a personnel system that works better, makes sense, and costs less -- for workers, for the government, and for American taxpayers. Right now, thousands of pages of rules and restrictions, layer upon layer of bureaucracy, have created a personnel system that simply doesn't work. We're going to make it easier for federal workers to do their jobs and we're going to make it easier for them to grow and advance in their workplaces -- to get rewards, promotions and raises. And, yes, we're going to make it easier, when it's necessary, to fire employees who are not performing up to standard.

At his town meetings with federal workers, the Vice President asks if it's too hard to fire bad employees. Usually, more than 90 percent raise their hands when asked if the system needs to be changed. Federal employees recognize probably better than anyone else that the system needs to be changed. It's a system that's frustrating them as much as it's frustrating their customers. Remember, the system makes it just as hard to give good employees bonuses or promotions.

**Q:** Why don't you just stop wasting money instead of changing the budget system?

**A:** The budget system encourages waste. Line items encourage spending in low priority areas and year-end spending limits encourage spending every last dime (inefficient in a last minute rush) or you get less next year. No private sector business could succeed with these types of incentives. Can you imagine a business that couldn't transfer money from its equipment budget to its personnel budget if it had to? Or one that had 450 job classifications. Or one not allowed to buy what it needs, when it's needed, at the best price? Or one that doesn't reward saving money? The National Performance Review recommendations will fundamentally reform the systems of government -- that's the only way to achieve long-term savings and real improvements in service and performance.

**Q:** Are you using Total Quality Management principles to redesign the government?

**A:** The basic principles of TQM are reflected in the review -- especially the focus on the

customer -- but anyone who knows anything about government knows that in the government, nothing is 'total.' We have involved some of the top award-winning management leaders in the federal government and we have created teams that are spending time with customers. The teams themselves are talking to a wide spectrum of suppliers and internal customers. As well, we've sought advice and ideas from business leaders who have applied innovative management principles to their own companies, increasing profits and cutting costs in the process.

**Q:** The Vice President asked the public and government employees to contribute to this review, to write letters, to call in. Where their recommendations incorporated?

**A:** Yes. The Vice President met with federal workers at every agency and at regional centers around the country. Hundreds of letters were received and read. We learned a lot from them and found them incredibly useful both in terms of identifying problems and designing solutions.

**Q:** How were the NPR staff selected?

**A:** We sought experienced federal workers from across the government and we found that across the government there are people experienced and dedicated to the principles behind our work. In many cases, federal workers came to us because they wanted to be involved.

**Q:** Did federal workers comprise the entire staff?

**A:** The NPR teams were made up of federal workers. However, they consulted with outside advisors from state and local government, from the business world, and elsewhere.

**Q:** How was the cabinet involved?

**A:** The cabinet was involved throughout this process, both through their agency 'reinvention' teams and through personal contact with the NPR staff and the Vice President. We have worked with Cabinet Secretaries and agency heads throughout and have welcomed their enthusiasm and their support for this review.

**Q:** If the NPR was able to take almost 250 federal employees away from their jobs, how important were these people, and why can't their positions be eliminated?

**A:** Almost all the staff were recruited to NPR from agencies who were reluctant to release their best people but did so in recognition of the great importance of this effort. NPR selected a wide range of specialists at all grade levels from across government to reflect the diversity in the federal workforce. Their work at NPR has demonstrated some of the best virtues of the civil service which hardly justifies eliminating their jobs upon their return.

**Q:** How much damage to government services did the NPR do by taking 250 people away from their jobs?

**A:** There is no doubt that both organizations and individuals have made significant sacrifices to conduct the NPR. Even though a number of individuals spent long days working at NPR then worked nights and week-ends at their home agencies, most organizations had to soldier on without the services of those working at NPR. The NPR staff and their home institutions have had to make adjustments to support this very important enterprise. We have every confidence that the return on investment to government operations over the next decade will be many times the sacrifice made this summer.

**Q:** Why were the vast majority of NPR staff selected from the GS15 and SES ranks? Why was there so little involvement from the lower grade employees that the NPR seeks to empower?

**A:** The more senior personnel have both the experience and the demonstrated ability to wrestle large, complex issues to resolution quickly, more so than less seasoned employees. Given the very ambitious schedule for reporting out, we didn't have the luxury to conduct extensive on the job training for junior staff. However, it would be a mistaken impression to believe that lower grade employees were not significantly involved. We used many PMIs -- Presidential Management Interns -- in this process. These are young, talented people just out of management school. Those who were part of NPR were active and vocal participants and contributed valuable parts to the overall effort.

**Q:** David Broder reported that the NPR was staffed by some very young people who didn't understand what they were dealing with. How many of them were there and how were they selected to become part of NPR?

**A:** The NPR was fortunate to attract several dozen White House Interns and Presidential Management Interns to participate in this summer's work activities. Every effort was made to match their responsibilities with their experience and capabilities. All were volunteers who were interviewed and selected on the basis of background, interest, and motivation. It's important to remember that the management team of the NPR and the team leaders and members are experienced federal workers, many of whom have specific expertise in these kind of reviews and issues.

**Q:** What is the value added of the NPR over all the OMB, GAO, IG and other reports that have already been written about reforming the way government operates? Why not just devote more high-level attention to implementing them and less attention to large-scale and potentially futile reports?

**A:** There are several important differences that make this effort truly unique. First, the primary architects of these recommendations are experienced career professionals from inside the government, not outsiders with casual knowledge of what's right and wrong with our

systems. Second, we have reached out to thousands of others throughout the country through town hall meetings, the Philadelphia Summit, our 800 number and the tens of thousands of individual citizens who have written to us with their ideas and concerns. Third, these recommendations have been coordinated thoroughly at the highest levels of this Administration to ensure that they are valid, sound and practical solutions. And, sometimes the OMB, GAO, and IG recommendations didn't go far enough or identify solutions.

Finally no other administration has committed the Vice President to such an intensive and extensive effort to transform the entire government from top to bottom and side to side. Of course the final difference will be in what we accomplish, and these results will be far from futile.

**Q: How involved was OMB in the NPR? If OMB is doing its job, why is an NPR necessary?**

**A:** OMB has been intimately involved in NPR from the outset. In addition to Phil Lader being one of the principal leaders of NPR, there have been numerous other individuals from OMB who have supported NPR on a full-time or part-time basis. Every NPR team had an active OMB liaison and all the draft reports were made available to OMB for comment.

The reason for doing NPR outside of OMB is that OMB has had its hands full this summer preparing the President's budget for submission to Congress. As you well know, there have been constant questions and calls for information in addition to the round the clock negotiations with the Congress that OMB had to support. Thus precisely because OMB was completely devoted to doing its job--working the budget, not to mention fulfilling its management responsibilities --that the NPR was accomplished by other staff who could devote all their attention and energies to reinventing the government.

**Q: How did the NPR evaluate entitlement programs?**

**A:** The NPR did not address entitlements as a central focus. However in our agency reviews of HHS, VA, Education, Labor and other service-oriented departments, we have recommended ways in which certain entitlement programs can be managed more effectively and economically, and ways to reduce fraud in entitlement programs.

**Q: Why are there so few defense issues, given the size of the DOD and its obvious need for reform?**

**A:** The NPR has been careful to concentrate on areas where we could make distinct value added contributions to the current efforts of each agency to improve their internal operations. The DOD had already begun a major examination called the Bottom-up Review last January well before NPR started in March. The NPR therefore deferred to the Bottom-up Review.

**Q: How much influence did the DOD have in dissuading the NPR from taking on certain issues?**

**A:** Where DOD was already addressing specific issues in their Bottom-up Review, there was little reason for NPR to devote its attention and limited resources to duplicating the same study. DOD has been quite energetic in moving out on their own impressive reinvention initiatives and NPR has been cooperating with DOD to ensure that our efforts are complementary.

**Q:** How were issues pared away from the NPR? Who decided what stayed and what got cut from your list of recommendations?

**A:** Those decisions were made after careful study and a great deal of consultation within the NPR and within the agencies. We wanted to make sure that the recommendations we put forward made sense and would accomplish the goals we sought -- improving the government and cutting costs. In some instances, we discovered that issues needed more time that we were able to give them in this six-month review and we're going to continue to study them. In other instances, it was clear early on when a recommendation just didn't make sense.

PUBLIC LIVES

JOE KLEIN

# The Vice President's Ashtray

**A**L GORE IS SHOWING ME THIS ASHTRAY. IT IS A standard, regulation federal "ash receiver, tobacco, desk type" and Gore has 10 pages of regulations to prove it. He flips through the specifications, giggling. "Can you believe this?" he says. "It's incredible. This is what you have to do if you want to sell the government an ashtray . . . Now, here's my favorite. This is the specification for how you test it." You put the ashtray on a plank, "a maple plank. It has to be maple, 44.5 millimeters thick." And you hit it with a steel punch "point ground to a 60 percent included angle" and a hammer. "The specimen should break into a small number of irregularly shaped pieces, not greater in number than 35." Gore is losing it now, belly-laughing. "But wait! Now we get to the specification of the pieces." To be counted as regulation shards, they must be "6.4 millimeters or more, on any three of its adjacent edges . . ."

And so on. "I've got some other interesting stuff," he says. Gore's office, once a repository of enviro-clutter, is becoming the Museum of the American Bureaucracy. There is a photo of piles of books, 1,088 pounds of them—the federal regulations hiring and firing employees. There is a very expensive steam trap. There is a gray woolen glove liner from the Korean War. "Making sure we had enough of these was the rationale for the federal mohair subsidy," he says. "It costs \$190 million a year."

Gore and his staff have spent the past six months scouring the government for silliness. They have sent SWAT teams into each of the agencies. He has conducted town meetings for federal employees, a mix of stand-up comedy ("Can anybody give me an example of a really crazy federal regulation?") and encounter group ("How many of you believe it's too hard to terminate a federal employee for just cause?"). The vice president, in his inimitable fashion, has become obsessed. The product of his obsession—the National Performance Review (also known as the "reinventing government" study)—will be released on Sept. 7. It will contain a host of recommendations—not just reform of the procurement, personnel and budget systems but also specific programs that should be canceled or merged. It could save \$6 billion to \$8 billion per year (a similar effort in 1991 saved \$4 billion in Texas alone).

But only if it is implemented—and, the received wisdom says, these sorts of government-reform studies never get implemented. Still, Gore may have a chance to beat the odds. After the budget agony—and the promise of more cuts to come—his work seems the next logical step. With the federal bureaucracy nearing a state of surreal inertial thrombosis, some sort of rescue operation would probably have been required soon in any case. A quarter century of divided government has meant that everything has had to be spelled out (the Congress and the executive branch didn't mind each other, so they left it

tle to chance); the rules have grown incomprehensibly literal. Creativity is not encouraged. And the money wasted has become truly embarrassing—Gore has stories of \$1,500 laptop computers routinely purchased for \$3,500 (well, not routinely: in one case, 23 different officials had to approve), \$3 notebooks bought for \$6, and so on. These are not isolated cases; they are how the system works.

There seems, for once, the political will—and the possibility of a clever legislative mechanism—to make the necessary changes. Last week the Senate's Governmental Affairs Committee proposed a commission, similar to the recent defense base-closing board, to review Gore's recommendations and package them into a single piece of legislation, relatively immune from the predations of committee chairmen (who usually pick such things apart). There is

a good chance that this idea will receive bipartisan, maybe even tripartisan, support. Bob Dole is desperately seeking something not to be nasty about and, sources say, may endorse Gore's proposals—if they really take a bite out of the bureaucracy. There's also Ross Perot, who was a fan of the Texas performance review and has called Gore to offer encouragement. Moderate Democrats like Bob Kerrey have long favored a drastic housecleaning. Which leaves only . . . the rest of the Democratic Party, especially its most powerful panjandrum, as potential opponents.

**Message zombie:** And it leaves Clinton with a dilemma. During the campaign—early on, before he became a message zombie—he often said that a Democrat would succeed as president only if he convinced the public he wasn't going to waste its money. The past six months have proved him right. If Clinton had taken Gore's effort as his own, if he had made a crusade of the ashtrays and personnel rules and mohair subsidies that render the government ridiculous—if he had made

good management his maxim—he might have built the credibility needed to ask for new taxes and spending (or found enough savings to make some of his taxes irrelevant). But he cast his lot with the very people—the callous, corrupt, cowardly congressional leaders—most likely to torpedo a real reform effort. Worse, he allowed them to define the limits of the possible.

So the president has a choice. He can delay or submerge Gore's report (as some *Hillaristas* want, to clear the decks for health reform). He can give the appearance of support, but stick with his congressional pals and allow them to gut it, as they did his budget plan. Or he can take a flier on a new, moderate, bipartisan coalition that might actually get the job done. The last will require courage and confrontation. He might lose, but it would be a strong loss, one that clarified the president's convictions and identified the real enemies of progress—as opposed to last week's "victory," which left the country reeling in confusion and presidential desperation.

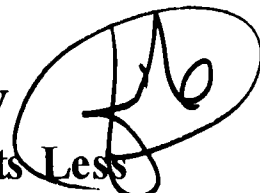


MARTIN SIMON—SABA

Gore: Scouring government for silliness

# **The National Performance Review**

## **Creating a Government that Works Better and Costs Less**



### **Regulatory Reform**

#### **A Fair, Open, Streamlined Process**

Reforming our regulatory process is critical to creating a government that works better and costs less. Improving budget, personnel, and procurement systems will strip away a lot of red tape. But thousands of outdated, overlapping regulations will still remain in other areas -- inside and outside the government -- unless we act aggressively to reform the regulatory system. That system now is cumbersome and fails to ensure that rules issued are necessary and effective. What's needed, and what we propose, are sensible planning and a thorough, focused review of regulations to end the proliferation of unnecessary and unproductive rules.

This reform has already begun. President Clinton directed agencies to eliminate 50 percent of all internal regulations when he signed an executive order September 11 that was recommended by the National Performance Review. The next step is reforming the regulatory review process and eliminating outdated, obsolete, and duplicative regulations that affect people outside of government. The executive order the President signs September 30, will do just that and create a regulatory review process that works better while still providing needed health, safety, and environmental safeguards. The President also will direct each agency to review its internal procedures for developing and issuing regulations.

President Clinton is offering real reform. He shut down the Competitiveness Council during his first days in office, closing the back door special interests used to get out from under regulations they didn't like. In its place, President Clinton offers a regulatory review process that is dramatically different: open to the public, streamlined, responsive, coordinated, straightforward, and fair.

#### **Putting People First**

The President's plan provides a regulatory process that works for the American people, improving health, safety and well-being while encouraging economic growth, competitiveness, and job creation. It is aimed at producing regulations that are cost-effective, consistent, and understandable. And, it takes away the unfair advantage special interests enjoyed in the past thanks to the Competitiveness Council.

Consider just a few examples of the Competitiveness Council's work: meeting secretly with builders to undermine implementation of the fair housing accessibility law that prohibits discriminatory housing practices; blocking a rule banning the burning of lead acid car batteries (the single largest source of lead emissions), an action later overturned by a federal court; and allowing a major pharmaceutical company to review a proposed drug-approval policy before it was made public.

Under this new Executive Order, there will be no special access for special interests. The review process will exist only to resolve intergovernmental disputes, not to provide an avenue for special interest appeals of regulatory decisions. Decisions on rules will be based on the public record, not on political paybacks. During the review process, outside contacts will be on the record and the status of regulations will be public knowledge. Rules will be reviewed at the Vice Presidential level *only* at the request of an agency head or the Office of Management and Budget.

## **Eliminating Regulatory Overkill**

President Clinton's regulatory review reforms reflect his commitment to ensuring that executive branch agencies produce effective and sensible regulations, relieving businesses of unnecessary regulatory burdens and ending special access for special interests. The process created by the executive order will ensure that agencies regulate only when necessary and makes clear that alternatives, such as market incentives, are preferable to command-and-control regulations. A regulatory working group of representatives from agencies with major domestic regulatory responsibility will meet regularly to consider new, creative, and more effective alternatives and approaches to regulating. And, when regulations are needed, the order will ensure that they are designed and implemented in the most cost-effective manner, so as to maximize benefits to society and to place the smallest necessary burden on those being regulated. The President's plan uses a sensible, balanced definition of costs and benefits to ensure a realistic assessment of impacts on the economy, the environment, and public health and safety.

## **Sensible Planning**

President Clinton's plan will streamline the regulatory review process, open it up to the public, improve planning and coordination, ensure more agency and public involvement at the beginning of the process (instead of simply at the end), and provide for the review of duplicative or outdated regulations.

A new planning process that starts at the beginning of rule making will improve inter-agency coordination and help ensure a clear and common understanding of innovative and effective regulatory approaches across the government. This process provides early guidance about administration priorities, minimizing conflicts and inconsistent regulatory activities among agencies. Agencies will set priorities and assemble annual regulatory plans, improving their own planning and ensuring that other agencies and the public are informed of their activities. And, the new process will help agencies craft alternatives to command-and-control regulations. In many cases, such advance planning can remove the need for federal mandates.

## **Reviewing New Regulations**

The executive order recognizes the primacy of agencies in the regulatory review process. It also makes clear that the Office of Information and Regulatory Affairs (OIRA) will be the central, day-to-day entity in the process of reviewing, not writing, federal regulations. And that process will be conducted in the open. There will be public disclosure of OIRA's meetings with people outside the Executive Branch and the status of regulations, including whether there is Presidential or Vice Presidential review. OIRA and the agencies will prepare and make public written explanations of any differences between their views on particular regulations. And, any changes made to regulations during the OIRA review process will be made public.

The OIRA review process will be more focused and streamlined because OIRA will be authorized to review only the most significant regulations, not every regulation, as the current system allows. This will ensure that OIRA reviews fewer regulations. Its review will be more credible because it will consider a broad definition of costs and benefits to include a realistic assessment of impacts on the economy, the environment, and public health and safety. And, its review will be timely, driven by clear and appropriate time limits on review that will prevent delay from effectively killing important protections or creating uncertainty that disrupts business planning cycles.

## **Reviewing Existing Regulations**

Too often, cumulative and unnecessary regulations hamper economic growth and job creation.

We will begin an ongoing review of existing regulations so that those that are cumulative, obsolete, duplicative, or inconsistent will be identified for reconsideration and, where appropriate, revision or elimination. This process is carefully structured to ensure that it is meaningful and that it produces results. The agencies will be asked to prepare a specific program for ongoing review of existing regulations and laws mandating such regulations, and to receive comments from the public about regulations to be reviewed. In addition, the Vice President, in consultation with the White House policy advisors, will conduct reviews of existing regulations with a cross-agency perspective, and may identify regulations to the agency for appropriate review.

### Resolving Disputes

A clear and open process for resolving the rare regulatory disputes that develop between agencies or OMB and an agency will replace the inconsistent and closed-door process of the past. Such disputes will be reviewed by the President or the Vice President *only* at the request of an agency head or the Office of Management and Budget. The President and Vice President will *not intervene at the request of private parties*, be they from business or from public interest communities. The Vice President, aided by the White House policy advisors, will advise the President in resolving these disputes.

### Enhanced Accountability

Openness is the best way to restore credibility to the regulatory review process. The new process encourages more public participation in the development and promulgation of regulations. It encourages agencies to consult with the public before taking any regulatory actions. The process also encourages the development of regulations through the use of negotiated rulemaking, a consensual mechanism for developing new regulations. The President will direct each agency to identify, within 90 days, at least one rulemaking which the agency will, within the upcoming year, develop through the use of negotiated rulemaking or explain why this process will not be feasible. The new executive order also makes clear that the public should be afforded a meaningful opportunity to comment on proposed regulations.

The OIRA review process will be open and timely. And, the order makes clear that it is OIRA that is responsible for the review of individual regulations and that review must occur within tight time limits. To ensure that the process is more selective and streamlined, OIRA will be directed to report to the Vice President and President its review activities during the first six months under these new procedures. This report will include a list of the regulatory actions reviewed by OIRA; whether OIRA selected the action for review; and the time dedicated to review.

The new process also ensures that the White House no longer serves as a conduit for special interests. The back-room, closed-door operations of the Competitiveness Council have left a legacy of mistrust that can only be erased by an open, fair, and balanced process. The President's plan provides a clear statement describing the review process and comprehensive disclosure provisions for greater public accountability. The concerns and interests of outside parties must be on the record, in writing, to be considered by White House staff in the rulemaking or review process.

The new executive order revokes existing orders on regulatory review. In addition, the Administration will undertake a thorough review of the related orders, for example, on takings, federalism, and civil justice reform to determine what action, if any, should be taken with respect to those orders.



# NFIB SMALL BUSINESS NEWS

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*The Guardian of Small Business for Fifty Years*

Contact: Terry Hill or Angela Jones (202) 554-9000

## SMALL BUSINESS LIKES PRESIDENT'S EFFORTS TO REVIEW REGULATORY BURDENS

WASHINGTON, Sept. 30---Federal regulations will soon get closer scrutiny from those they affect thanks to an a White House Executive Order President Clinton signed today.

"Small-business owners will be among the first people to benefit from the president's efforts to make government more open to the public," National Federation of Independent Business President Jack Faris said. "This executive order will ensure that all public sectors will get a fair opportunity to voice their concerns about federal regulations."

As a small-business concern, government regulation is rapidly climbing the ladder of entrepreneurial headaches. According to a 1992 NFIB-Visa Business Card study, The Problems and Priorities of Small Business, noted a leap of 11 spots to eighth place among Main Street's worries. Small-business researchers believe that regulation will, by the turn of the century, be first on the list.

Faris said the president's executive order takes an important step in requiring that both risk assessments and less-burdensome alternatives to regulations are thoroughly explored before a regulation is implemented. Most importantly, he said, it requires agencies to determine whether no regulation might be a better choice.

The small-business leader also commended the president for ensuring that the Office of Information and Regulatory Affairs remains the coordinating center for regulatory review. Faris lauded OIRA Director Sally Katzen, appointed by President Clinton, for her willingness to listen to all interested parties and make fair decisions.

NFIB, the nation's largest small-business advocacy organization, represents more than 600,000 small and independent firms in all 50 states.

# # #

September 27, 1993

The President  
The White House  
Washington, D.C.

Dear Mr. President:



NATIONAL SMALL BUSINESS UNITED

1155 15TH STREET, N.W.  
SUITE 710  
WASHINGTON, D.C. 20005  
202-293-8830  
FAX: 202-872-8543

Having had an opportunity to review your Executive Order on regulatory procedures, we want to indicate our association's strong support for the approach you have outlined. We look forward to working with you as you implement this new structure, in order to place the least possible regulatory burden on small businesses.

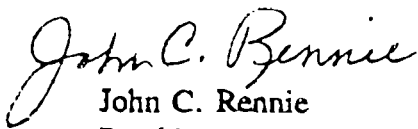
The open and fair process created by your Order allows small business input to the process while closing the door on behind-the-scenes lobbying. The Order's emphasis on cost-benefit analysis, combined with identification of the most appropriate and efficient response, is encouraging to us. We are also glad to see a thorough review of existing regulations as an important component of the plan.

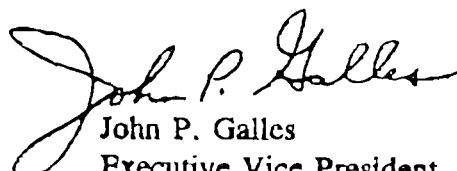
We think the plan you have laid out should work well, but we look forward to an opportunity to provide input about the overall process once we have all had some experience with it. There may be areas where targeted changes could improve the Order and the process. We hope you will invite our comments for potential modifications to the Order, at some defined point in the future.

Finally, we would like to emphasize the need for involvement of the Small Business Administration (SBA) during the regulatory process. The SBA's Chief Counsel for Advocacy has a statutory responsibility--unique among the agencies--to review regulations for compliance with the Regulatory Flexibility Act (RFA), arguably the most important law governing the regulation of small businesses. Involving the SBA Chief Counsel in the Administration's regulatory review process could be a key step toward finally enforcing the RFA.

Again, thank you for allowing us to review the Executive Order and for carefully crafting a process that is open and fair for all.

Yours truly,

  
John C. Rennie  
President

  
John P. Galles  
Executive Vice President



**U.S. Chamber of Commerce**  
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# NEWS

Contact: Thomas Love

**FOR IMMEDIATE RELEASE**

**COMMENT ON THE PRESIDENT'S REGULATORY REVIEW EXECUTIVE ORDER  
BY RICHARD L. LESHER, PRESIDENT  
U.S. CHAMBER OF COMMERCE**

**WASHINGTON, Sept. 30 --** The U.S. Chamber of Commerce is encouraged by the executive order on regulatory review signed today, but recognizes that its successful implementation will require constant vigilance by the business community.

The order provides a fair and balanced approach and affords the public substantial opportunity to comment on the potential impact of proposed regulations. We are particularly pleased that the central role of OMB's Office of Information and Regulatory Affairs is retained. The order provides a series of constructive hurdles that agencies must overcome before imposing new regulatory burdens, including the requirement for cost-benefit analysis. Special emphasis is placed on minimizing potential negative impacts on U.S. competitiveness, jobs and the economy.

For nine months, the U.S. Chamber has been working very hard to bring some common sense to the regulatory process. It is one thing to have a balanced executive order. It is another to fully implement its intent. Our position is simply put: "trust but verify." That is why we have established a regulatory watchdog committee.

The committee will focus on the day-to-day oversight of new and existing regulations imposed on our members with emphasis on cost-benefit analysis, paperwork reduction and flexibility for small business. We intend to get involved early in the regulatory process to oppose unnecessary regulations and minimize the burden of those mandated by statute. The committee also will focus on the legislative process to insure that economic implications are considered before new unfunded mandates are imposed.

We now call on the administration to support passage of the Paperwork Reduction Act of 1993 -- the Nunn version in the Senate -- and reauthorization of the Regulatory Flexibility Act with judicial review, which lessens the burden on small business by providing alternative means of implementing regulations.

For Immediate Release

THE BUSINESS ROUNDTABLE SUPPORTS PRESIDENTIAL  
EXECUTIVE ORDER ON GOVERNMENT REGULATION

Washington, D.C., September 30 -- The Business Roundtable said today that it supports President Clinton's new Executive Order on the management of government regulation.

The order was signed today by the President and establishes a process for managing the development of new Executive Branch regulations as well as a mechanism for the review of existing ones.

"The business community is vitally concerned about the impact of overly burdensome regulation that has resulted in job loss, higher prices, decreased productivity, and lack of competitiveness," said Edgar S. Woolard, Jr., Chairman and CEO of DuPont and Chairman of the Roundtable's Government Regulation Task Force. "It is our expectation that the President's Executive Order will lead to better management of the regulatory process and, therefore, help accelerate the pace of economic recovery."

Woolard said that business was "pleased" that the new Executive Order contains a cost-benefit requirement, requires priority-setting based upon risk, mandates the use of sound science, requires agencies to take into account the costs of cumulative regulation, encourages the use of performance standards, and requires agencies to consider alternatives to traditional regulation.

While Woolard expressed overall enthusiasm for the Executive Order, he cautioned that "having a well-articulated statement of process and intent is one thing, but effective implementation of the order will be absolutely necessary if we are to improve the quality of government regulation and reduce its burdens on the economy."

# # #

Contact: Lee Tashjian  
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September 30, 1993

# Public Citizen

## NEWS RELEASE

HOLD FOR RELEASE UNTIL  
Thurs., Sept. 30, 1993, 9:00 a.m.

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### **ADMINISTRATION'S REPEAL OF REPUBLICAN-ERA ORDERS WILL HELP RESTORE INTEGRITY TO THE REGULATORY PROCESS**

WASHINGTON, D.C. -- Public Citizen applauds President Clinton's decision to repeal the two Reagan/Bush Executive Orders on White House review of agency regulations and replace them with a new Executive Order.

"With this stroke of President Clinton's pen, the Administration has swept away the back-room, behind-the-scenes deal making that was the hallmark of the Quayle Council and the Reagan/Bush Office of Management and Budget," said Joan B. Claybrook, President of Public Citizen.

"At the same time, the President has sent a strong signal to his agencies and the American people that the government is back in the business of protecting the health and safety of Americans, cleaning up the environment, and getting the economy on track," Claybrook added.

The Clinton Executive Order marks a substantial step forward from the Executive Orders issued during the Reagan/Bush Administration. "Public Citizen recognizes that the new Executive Order is only the first step on the road to real reform," said David C. Vladeck, a senior lawyer with Public Citizen Litigation Group. "But it is a critically important step, and Public Citizen is pleased that the Clinton Administration is heading in the right direction."

Public Citizen noted at least four significant improvements:

- \* The Clinton Executive Order injects far greater accountability and openness into the regulatory review process. The New Executive Order sweeps away the secrecy that previously cloaked the review process and turned the White House into the private preserve of well-heeled corporate lobbyists. Under the new Executive Order, the public will know when matters are pending before OMB, and outsiders seeking secretly to influence staff will be told that all contacts must be put in writing.

[more]

\* The Clinton Executive Order strengthens the ability of the Administration to coordinate regulatory activities. Under the new Executive Order, the government can harness the power of the regulatory agencies to respond swiftly and comprehensively to emerging health, safety, environmental, economic and social problems.

\* The Clinton Executive Order should put an end to the lengthy delays that have plagued OMB review in the past. By setting strict time limits on the review process, the Clinton Executive Order recognizes that delays in implementing needed regulations jeopardize the public's safety.

\* The Clinton Executive Order should significantly reduce the number of rules that will be subjected to review. During the past 12 years, OMB tried to review each of the over 2,000 rules issued each year, creating endless, wasteful paperwork with little purpose. The new Executive Order seeks to focus OMB's efforts on only those regulatory matters that have overarching significance, and leaves the business of running the regulatory agency to the Presidential appointees who head them.

Public Citizen is pleased with the positive steps in President Clinton's Executive Order, although Public Citizen has never endorsed the concept of Presidential review of agency regulatory actions. Moreover, according to Vladeck, "past experience has taught us that the manner in which a regulatory review program is implemented is as important as the wording of an executive order. For that reason, the proof of this Administration's commitment to true reform will be in how it implements the new Executive Order."

Public Citizen will continue to monitor carefully the performance of OMB and the White House to ensure that this carries forward on its commitment to let agencies carry out their statutorily mandated roles free from undue political interference.

# # #

Public Citizen, founded by Ralph Nader in 1971, is a nonprofit consumer advocacy group with over 150,000 members.

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# OMB WATCH

Statement of  
Gary D. Bass  
Executive Director  
OMB Watch

on  
September 30, 1993

Regarding

*President Clinton's Regulatory Planning and Review Process*

Today, President Clinton has taken a significant step toward making the regulatory review process more responsive to public need. The President's Executive Order refines the regulatory review process so that it will be open and accountable, and ensures that it will be based on selective, well-coordinated assessments for effectiveness and fairness in achieving the agency's mission. We endorse those goals.

The regulatory review process of the last twelve years has repeatedly put private, special interests ahead of Congressionally and judicially mandated efforts to clean up the environment, protect worker health and safety, and enforce consumer protections. Because the Office of Management and Budget operated in secret, it was able to interminably delay agency rulemakings, circumvent legislative and judicial deadlines, and usurp agency decision-making authority while remaining unaccountable to the public and Congress. Lower level civil servants at OMB with little or no substantive experience in areas they reviewed were able to dictate policy to agency officials.

The new regulatory review process is an attempt to fix the problems of the Reagan/Bush era and construct a balance between the interests of government agencies, businesses, and the public. There are at least four ways in which the new regulatory review process is significantly better than the Reagan/Bush years:

- **The Clinton approach seeks an end to an era of back door dealings that allowed the rich and powerful special access.** The new Order requires notable disclosure procedures that will result in greater openness and accountability. The Office of Information and Regulatory Affairs has already begun implementing the new disclosure requirements in the Order, making it possible for the public to track when rules have been submitted to OMB, to identify non-governmental entities that have contacted OMB regarding regulations, and to review actions that OMB has taken on regulations. Additionally, White House employees are now instructed to inform all non-governmental entities that in order to seek regulatory redress they should put their concerns in writing. These written comments will be placed in the agency rulemaking record -- an attempt to end non-documented, behind-the-scenes wheeling and dealing.

- **The Clinton Administration is committed to ending the delays that plagued the regulatory process during the past years.** The cost of delayed regulatory action is significant. Delay can cost lives when important rules are held up, like chemical plant safety guidelines, where hundreds of lives can be lost in a preventable plant accident. Delay can also disrupt the business planning cycles. The trickle down effect of this uncertainty can hurt businesses saddled with inventory and can lead to job loss. Enforcement of the timetables in the new Order will rectify these problems.
- **The Clinton Administration is committed to reducing the number of regulations it reviews, using its limited resources to target the most significant regulations.** OMB currently reviews more than 2,000 regulations each year. The process is neither economical nor efficient.
- **The Clinton approach creates a process where agency heads and the public are better informed about the regulatory plans of each agency.** Agencies will continue to publish in the *Federal Register* in October their regulatory agendas, providing a timetable for all regulations that are expected. Additionally, a more comprehensive description of planned regulatory actions for the most significant regulations will also be published, giving the public a more timely and better understanding of what an agency plans to undertake and how it will do it. Furthermore, instead of OMB clearing each plan, as in the past, OMB will share these plans with agency heads in order to seek their input and promote improved coordination of regulatory plans.

We do have some concerns about the Order, but we want to see how the process is implemented before we pass judgment. After all, the ultimate test of today's Executive Order will be whether in practice it improves government efficiency and makes agencies and regulations more responsive to public need. The public interest community will continue to monitor and report on the effectiveness and equity of implementation of the new process.

We are, nonetheless, hopeful that today's Executive Order is an important first step in moving toward improving the regulatory review process in government.

*OMB Watch is a non-affiliated nonprofit research and advocacy organization founded in 1983. OMB Watch is secretariat of a Regulatory Policy Working Group, comprised of representatives from organized labor, environmental, health, educational, consumer, and other public interest organizations, that has recommended changes in the regulatory review and planning process. OMB Watch has also lead efforts to promote greater regulatory accountability and to stop the secret substantive regulatory interference waged by Vice President Quayle's Council on Competitiveness.*



# CONGRESSMAN HENRY A. WAXMAN NEWS

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## Comments of Henry A. Waxman on the Clinton Administration's New Regulatory Review Executive Order:

"For many years, I have worked to prevent abuses of the regulatory review process at the Reagan and Bush White House -- abuses which became particularly brazen when Vice President Dan Quayle's Council on Competitiveness used its influence to weaken regulations for special interests.

"With today's order, President Clinton and Vice President Gore have made a giant stride toward better and more responsible government by assuring that decisions are made in the light of full disclosure, and not through the secret back channels that played so large a role in past White Houses.

"I have never been a fan of OMB review of agency regulations. Nevertheless, I am pleased that today's executive order on regulatory review includes reforms long sought by the public interest community to assure that the abuses of past years do not reoccur. With the issuance of this order and a memorandum that we are informed the White House counsel will issue soon, communications between special interests and White House personnel on regulatory matters will be allowed only in limited situations where there are safeguards to protect against abuses by special interests."

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## STATEMENT BY CAROL TUCKER FOREMAN<sup>1</sup> ON PRESIDENT CLINTON'S EXECUTIVE ORDER ON FEDERAL REGULATION PLANNING AND REVIEW

The twentieth century began with an era of regulatory activism that spawned anti-trust, minimum wage and pure food and drug laws. The century may end with an era of regulatory renewal. After twelve years of attack on regulation, the nation has moved beyond the misconception that all of society's needs can be met by the unfettered pursuit of private interest. It is clear that the American people want clean air and water, safe food and drugs, stable financial institutions and fair treatment for women and minorities and the disabled. And Americans believe government can help achieve those goals. Rather than abandoning government generally and regulation in particular, we need to make them work better.

Today, President Clinton has signed an Executive Order that holds the promise of making regulation work better, be more effective and less burdensome in achieving intended goals.

The Executive Order on Federal Regulation Planning and Review has the capacity to impose a new discipline on all elements of the regulatory system, requiring agencies to provide notice of their regulatory plans and coordinate rulemaking. The Order should also help end the regulatory delays that have cost lives on the one hand and often left business unable to undertake effective planning on the other.

Finally, the Executive Order institutes changes that should effectively end an era in which the Office of Management and Budget became a secret society that practiced ritual sacrifice on health and safety regulation for the entertainment of the rich and powerful.

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<sup>1</sup>Carol Tucker Foreman served as Assistant Secretary of Agriculture for Food and Consumer Services, 1977-81. She is editor of Regulating for the Future: The Creative Balance, Center for National Policy Press, 1991. Foreman is president of Foreman & Heidepriem, Inc., a public policy consulting firm.

# SIERRA CLUB



408 C Street, N.E. Washington, D.C. 20002 202-547-1141

Statement of A. Blakeman Early  
Washington Director  
Pollution and Toxics Program  
Sierra Club

Regarding President Clinton's Executive Order on Regulatory Review

September 30, 1993

The Clinton Administration has ended an ugly era in American history during which the Quayle Competitiveness Council pursued a policy of killing and weakening regulations intended to protect public health, safety, and the environment. In the name of regulatory review, the Quayle Council, aided by secret meetings with powerful special interests, substituted its own view of which regulations were in the public interest for that of Congress.

The Executive Order signed by President Clinton creates a new regulatory review process that, if properly implemented, should contribute to good government by being open, fair, and limited.

The new executive order requires regulatory review to be conducted with much more openness than in the past. The public will be informed what regulations are being written, reviewed, and re-written. Changes suggested by OMB reviewers are to be so identified.

The new executive order establishes a regulatory review process that should operate with much more fairness. Special interests and other members of the public who try to influence OMB reviewers must submit their views on the record. White House employees are required to document their contacts with outside parties on regulatory matters, as well.

The new executive order establishes a regulatory review process that is intended to be limited. OMB review is intended to focus on the most significant regulations to assure that they are written to accomplish their goals efficiently and effectively.

The American public has long believed that government regulation is supposed to protect the powerless from the excesses of the powerful. The Quayle Council turned regulatory review into a process that sought only to protect the powerful from government

regulation and ignored the powerless. The Clinton Administration has clearly cast aside this process. But we in the Sierra Club are concerned that under the new executive order regulators will be asked too often if they are over-regulating the powerful and too seldom whether they are protecting the powerless well enough.

The new executive order establishes a regulatory review process that seeks to help regulators write regulations that protects the public interest without regulating too much. We are hopeful that a year from today, the regulatory review process established today is recognized throughout the nation as a real contribution to the continuing effort by President Clinton to make government work fairly, effectively, and efficiently on behalf of the public interest and not the special interests. Balanced implementation of this executive order with due consideration to the needs of those whom regulations seek to protect and the needs of the regulated community can make this goal a reality.

RIGG

Remarks of  
Vice-President Al Gore  
May 24, 1993  
Washington, DC

Mark Twain once wrote about a sermon that began so well that as he listened he vowed to put \$20 in the collection plate. After ten minutes he upped it to \$50. After a half hour he cut back to \$10 -- and by the time the plate came around he stole \$5 from it.

No collection plate, today. But I hope your applause and your enthusiasm is as strong when I'm done because together, we face an urgent and important responsibility.

We're going to talk today about some big ideas. But I want to start with something small. In fact, it's so small I can hold it in the palm of my hand.

It's a contraption called a steam trap. I've had this one in my office ever since a federal employee brought it to me because he was so fed up with the system under which he had to work.

This steam trap takes dirt and oil out of steam lines. It costs about \$100. When it goes bad, it begins to leak. It leaks about \$50 worth of steam each week.

The man who brought it to me had uncovered some leaky ones and wanted to replace them.

The problem was, the central procurement office had been directed to buy in quantity to save money. To do that, they saved up all their requests for leaky steam traps. In fact, they saved them for a solid year.

Sure enough, they got a discount. They bought each \$100 trap for \$90. Saved ten bucks.

In the meantime, though, how much did each leaky trap cost the taxpayers?

That's right. 50 weeks of steam. \$2500.

\$2500 to save ten dollars.

Is that an isolated case of government inefficiency?

Not according to one man who stood up at a meeting of federal employees a while back.

"I work for the marshals service of the Justice Department," he told me.

The marshals seize the property of drug dealers. For example, if they seize a load of drugs in the dealer's house, they can confiscate his house. The Justice Department then resells these houses, using the money to help finance the war against drugs.

Of course, in order to sell these houses you have to keep them presentable. That means mowing the lawns.

How would you keep those lawns mowed? Well, in Atlanta, where this man worked, you would hire a teenager to do it for about ten bucks a lawn.

Not in this government.

"Procurement," said this worker, "told us that the marshals had to do this competitively. Kids don't write proposals." So they eventually had to contract with a firm to mow all the lawns in the Atlanta region -- for \$40 a lawn.

Stories like this have come in to my office again and again -- from frustrated federal workers and from the growing number of people doing excellent work analyzing the way government operates.

Their work makes it clear that the anecdotal evidence is true: that too much of the federal government is -- in David Osborne's phrase -- "approaching paralysis."

Does this mean nothing gets done? Of course not. Each minute in the federal government workers are doing useful things. Rebuilding roads. Researching cancer.

Investigating a homicide or a kidnapping

But not enough is getting done. 61% of our roads need repair. A bridge closes every two days in America. 37 million people have no health insurance -- and millions more have seen their benefits cut. Ten million people eager to work can't find jobs, and millions more can't find housing they can afford.

Bureaucracy and red-tape frustrate the American people and the government workers who serve them, feeding a cynicism and anger that's real.

We can't even pay our bills. Over the last twelve years we ran up more debt than all the Presidents from George Washington to Jimmy Carter combined. The approach of the last two administrations reminded me of this t-shirt I saw once: "I can't be broke -- I've still got checks."

But even if we could pay all our bills, things wouldn't be right. Too many of our public systems just don't work, and money alone won't fix them.

Think about it. Is there anything more foolish than spending more money for something that doesn't work?

It's not that the people working in government are bad people. They're not. It's not that government is inherently incompetent. It's not. It's that these systems and programs are out of date.

They worked once. But times have changed.

In the 1930s, in the 1940s, in the 1950s and in the 1960s, we created large, top-down, centralized bureaucracies to do the public's business. Not only were they slow, cumbersome and unresponsive -- most of them were monopolies. As we all know, in today's world of rapid change, lightning-quick information technologies, tough global competition and demanding customers, large, lumbering, top-down monopolies -- public or private -- don't work very well.

But we're still using them. We're still trying to get an ocean liner to behave like a sleek, quick, and agile sailboat. It's impossible. The Queen Elizabeth won't turn on a dime.

But while the evidence of this failure to evolve and adapt is there for all to see, for too long the basic functioning of government has gone unexamined.

Think about our welfare system. It worked fine when Franklin Roosevelt created it in the 1930s. It was designed to help women who were widowed with children. But the world changed. We had a massive migration of rural southern sharecroppers into the north after World War II. Living in poverty, largely uneducated, in cities that simply couldn't cope with the change or provide work, these families disintegrated.

Did we ever change the program? Did we pay attention to creating jobs and skills? No. Not really. We've just kept on handing out the checks.

Think about our civil service system.

It was terrific when it was invented. It accomplished its mission. It controlled political patronage and arbitrary political firings. But that was in 1883. Do you think we should allow a personnel system designed for the 19th Century to take us into the 21st Century?

And while some of it still protects workers, can you imagine top managers in business having their hands tied when they want to reward their best employees for doing a good job? Or blocked by complicated rules when they want promote somebody -- and unable to give bonuses for superior performance?

Can you imagine top managers in business having to wait a year to fire an employee who's doing a terrible job? At the Interior Department last week, I asked 500 employees if it's currently too difficult to terminate someone for good cause and 90% of them raised their hands to say, "Yes."

And what about budget systems? We use a budget system that encourages managers to waste money. That's right -- we encourage people to waste lots of money. All of us here know what we mean by the phrase, "spend it or lose it." It means if you don't spend every penny of every line item every year, you have to give it back. Have any of you ever worked in an agency or office pushed by that rule? What if business worked that way? Or your household?

Imagine a business that couldn't move money from its equipment budget to personnel. Or one with 450 job classifications. Or one not allowed to buy what it needs, when it's needed, at the best price.

This isn't a partisan thing.

You know, the late Senator Hayakawa from California used to describe the two parties this way. A Republican (he said) sees a drowning man fifty feet from shore, throws him a twenty foot rope and tells him swimming the thirty feet is good for his character. A Democrat would throw him a 100 foot rope -- then walk away looking for other good deeds.

The fact is, there's plenty of blame to go around. Both parties have been part of the problem. And both parties must help meet the challenge before us today: to create a government for the Twenty-First century.

President Clinton is moving to meet that challenge, providing the bold and creative leadership it demands, showing the courage to take risks and the willingness to innovate.

We've all had enough experience listening to people talk about what's wrong with government. And we've seen what happens when all we get is a lecture. Nothing happens. Nothing changes. The only winners are the cynics. It's time the American people were the winners and talk turned to action.

President Clinton and I are determined to get results. We want to change and improve the way our government works. It'll make your jobs -- and ours -- easier, and it will provide the American people better value and service for their tax dollars.

We've already started. The President started at the White House, cutting his own staff by 25 percent and making it clear that the days of perks and privileges are over. He's ordered \$16 billion in administrative savings.

He's pared the bureaucracy. He's parked the limos.

You're here because you're part of teams within your agencies dedicated to this effort; teams created because the President directed his Cabinet to move forward and take action within every agency.

We're working to reform the welfare system and the First Lady is leading an historic effort to reform our health care system.

We are determined to move from industrial age government to information age government ... from a government preoccupied with sustaining itself to a government clearly focused on serving the people.

It will not be easy. Change rarely is. It demands a shared commitment and a cooperative effort.

After all, nowhere is it written that the government can't be thrifty, or flexible -- or even creative and competitive. All over our country local and state governments, faced with the same kinds of fiscal constraints as the federal government, are making changes. It's time the federal government paid attention.

We need a federal government that delivers more for less.

We need a federal government that treats its taxpayers as if they were customers and treats taxpayer dollars with respect for the sweat and sacrifice that earned them.

We need a government that can respond quickly and efficiently to today's challenges instead of rusting and rigid bureaucracies still running on yesterday's clock. We must

undergo a change in the way we do business as profound -- and for some, as difficult -- as the transformation from typewriter to computer.

Now, I don't want to pretend that this administration is the first to see the need to reorganize government.

In fact, listen to this message to Congress:

"The time has come to set our house in order. The administrative management of the Government needs overhauling. The executive structure of the Government is sadly out of date. If we have faith in our republican form of government we must devote ourselves energetically and courageously to the task of making that Government efficient."

That was President Roosevelt, in 1937. And the result of that message was the Brownlow Committee and -- later -- the First Hoover Commission which carried out so many of the Brownlow Committee recommendations. Any of you who majored in Public Administration know that.

The Brownlow Committee has been called the "high noon of orthodoxy." It sought to model government after the highly stratified companies of the Industrial Age.

And for more than a generation, those companies were useful models.

But American business recognized when they got rusty. It has spent much of the last ten years reinventing itself. Decentralizing. Giving both responsibility and authority to employees and then holding them accountable over time for results. Finding new ways to meet their customers' needs.

The Gap doesn't work the way Sears did. Microsoft doesn't work the way IBM did. These new businesses talk about an 18-month product cycle -- way too short a time to pass decisions up and down an elaborate, heirarchical chain of command.

But government has preserved its outmoded ways. The quality revolution has changed the way business works. But it has -- for the most part -- by-passed the federal government.

Employees tried to bring it in, but with a few notable exceptions, it hasn't yet taken hold.

That's why government can't keep up. That's why government can't buy steam traps when it needs to. That's why it pays four times as much as it should to mow lawns.

Can we afford to do nothing?

Well, the other day, at a Town Hall meeting about these problems, an IRS worker got up and told me, "If you always do what you always did, you'll always get what you always got."

The President doesn't want that. Neither do I.

And that is why he has asked me to conduct a thorough National Performance Review, an examination of how government works -- and can work better, and more efficiently. How taxpayers' dollars can be used wisely and well.

It will take six months to complete our review. But the spirit of change, of innovation, of renewed purpose and shared goals -- the commitment to provide high quality, low cost service to the American people -- will operate as long as this Administration remains in office. And the people who will make it work, who will sustain the change and the spirit, are those of us in this room.

You know, in 1899, Charles Duell, the Director of the U.S. Patent Office, said, "Everything that can be invented has been invented."

He was wrong then. He'd be just as wrong, today.

We intend nothing less than to reinvent government to make it work for people.

Our work has a short-term deadline but a long term goal -- creating a government that puts people first. Right now, Americans -- the people who are our customers -- too often feel that the government puts them last. That government costs too much. Or it's too slow. Or

too arrogant Or too unresponsive Or all of the above.

Our customers are right. And so, our long-term goal is to change the very culture of the federal government.

How do we do that?

Let me outline six principles.

The first thing we're going to do is start measuring the results of everything we do in government. Have you ever wondered why government programs never go away? Why, once they're created, they last forever?

One reason is we too rarely measure the results of what we do. We measure what we put in, not what we get out. We don't set goals and then measure to see if we're achieving them. And we sure don't tie our funding decisions to results.

A few years ago the Bush Administration declared war on drugs. But the federal government had never measured the results of its previous antidrug efforts so they had no idea what worked. They just poured more money down the same holes into which the Reagan administration had already poured \$21 billion -- interdiction, investigation and prosecution.

Now I'm the last person to object to spending money to fight drugs. But my point is: we've got to know what works.

The Wall Street Journal did a long report in 1989 which showed that eight years of effort on that front had "hardly put a dent" in the drug traffic. One of the the few evaluations the Journal could find -- by the Rand Corporation -- concluded that \$5.72 billion spent on Coast Guard cutters, jets and radar-equipped blimps had done little more than raise the price of illegal drugs by four percent.

Drug treatment? An administrator of the Alcohol, Drug Abuse and Mental Health Administration admitted to the Journal that his agency didn't even monitor the results of the \$2 billion a year it spent.

It's hard to hit a home run -- or even get a piece of the ball -- when you're blindfolded. But that's what we've been trying to do in the federal government. State and local governments across the country are taking off the blindfolds and turning to something called performance measurement. It's time we did the same in Washington.

There's a Senate bill sponsored by Senators John Glenn and William Roth -- S.20 -- dealing with performance measurement. I'm confident the Senate and House will pass it, the President supports it, and I can't wait till he signs it into law.

So first is measurement.

The second thing we have to do is put the customer in the driver's seat.

We almost never use the word "customer" in government. But what are the students we educate, the people we train for jobs, the drivers we build roads for, if not our customers?

And what do customers always want?

For one thing, they want value for the money they work hard to earn. They want efficient and convenient service. They want to be able to find what they need when they need it, without hassles or headaches. They want to have confidence in the people they rely on.

And they want choices along with the freedom to make those choices. If we're going to put our customers first, then we're going to have to give them value for the dollar, efficient and convenient service, earn their confidence, and offer them a choice.

When you turn on your television you don't want one channel. When you go to the grocery store you don't want one brand of cereal. You want Wheaties and Cheerios and Total and -- if you have kids -- Froot Loops, Super Golden Crisp, and all the others to choose from

Same with government.

It really isn't such a radical idea. In fact, I think you can argue that the most successful social program in the history of America was a program built around customer choice. It was called the GI bill.

After World War II we didn't build GI universities and assign veterans to the university closest to their home. We let them choose their institution -- college, university, or technical school. As long as it was accredited the GI bill would pay.

It worked. The GI bill took a generation traumatized by war and turned it into the educated backbone of a 30-year economic boom.

That's a success story. And the principle of choice can be applied to the rest of government, too.

The third thing we need to do is inject competition into government services.

It's a funny thing: Americans hate monopoly in the private sector but they tolerate it in the public sector. To this day, if a politician sees competition, he's likely to call it waste and duplication and do his best to eliminate it. He thinks he's saving money. But you know that monopolies don't save any money -- except maybe for their stockholders.

Now let me make one thing clear. I'm not talking about that gimmick trotted out to produce some short-term budget reductions called "privatization."

I'm talking about competition within government.

It's worked in the Defense Department. Bill Creech, the general who took over the Tactical Air Command back in 1978, was a big fan of competition. He encouraged it throughout his command. They measured the performance of every squadron, and they posted the results so everybody -- the pilots, mechanics, everybody -- knew who was the best. And you know what? In six years Creech doubled the productivity of that command.

On every important measure -- sortie rates, repair times, flying time -- TAC virtually doubled its performance and maintained their high quality work.

Imagine the potential if we really encouraged all federal workers to strive for excellence and gave them the freedom to do it.

The fourth thing we need to do flows from the idea of competition and customers:

We need to make government more market oriented. You know, people in Washington have what some folks call "programitis." They see a problem, they instantly want to create a program to solve it.

Newsweek recently quoted Lyndon Johnson as saying, "I'm in favor of lots of programs and against damn few." They implied that this Administration believed the same thing.

Nothing could be farther from the truth. Sometimes programs aren't the best solution. Sometimes it's more effective to use government's leverage to change what happens in the private sector.

Like housing. Back in 1930 Americans who wanted to buy homes had to put 50 percent down and repay the mortgage in five years. But FDR created the Federal Housing Administration and it decided to try out mortgages requiring only 20 percent down, which people could repay over 30 years. It forced a change in the banking industry which today we take for granted.

Ask yourself: would we be better off if FDR had created half a dozen low and moderate-income housing programs? Or are we better off because he changed the marketplace?

Now, I want to make sure you understand: I'm not saying, "Leave matters to the free market." That's the Republican line. They think the market will solve our problems if we just ignore them and leave the market free to work.

That's hogwash. That's what gave us the Depression, and later, the S&L Crisis. We need to use the government's leverage to influence positively what happens in the private sector -- and to use the power of the market to influence positively what happens in government.

Which brings me to my fifth point. To make government more effective in this country, we need to empower communities to solve their own problems.

Usually, in government, the professionals and bureaucrats have all the control. The people they're supposed to serve have none. They're dependent. After we treat them as dependents for a generation, it sticks.

That's one reason welfare dependency is such a problem.

The President feels strongly that we've got to push money and control out of the federal bureaucracy and into the community. And so do I.

I've seen it work in Miami, where I recently visited a school that doubles as a community center, or Chicago -- where I recently walked down 95th Street on the South Side looking at a program that put more cops on the beat.

That was an eye opener. At one point we had a kind of roundtable discussion with some police and firefighters and shopkeepers on the sidewalk, and they talked about how much safer this made the entire community. Federal dollars? Yes. Federal control? No.

We have to empower communities. And we have to move from hierarchy to participation and teamwork.

And that brings me to my final principle: decentralization. You know, if you talk to computer people these days, they will talk excitedly about what they call "massively parallel" computers.

For those of you who think of computers as something your kids understand, let me explain.

Computers with central processors solve problems in sequence -- one by one, each bit of information is sent back and forth from the central processor to the memory where it's stored. . It's like running errands on Saturday and going home in between each stop to the cleaners, the grocery, and the shoe-maker. Even at the speed of light, that takes time.

On the other hand, massively-parallel computers have hundreds ... or thousands ... of little processors located within the field of memory that simultaneously solve the different elements of a given problem. So, the problem is split into little pieces that are all attacked at the same time by processors, and then solved when the pieces are all brought together. As though you stayed home and six different people brought you what you needed.

For somewhat the same reason, incidentally, representative democracy is better than a dictatorship. Each citizen has a little bit of freedom to make decisions. The cumulative result is not only morally superior than having decisions made by some dictator in a castle -- it's more efficient.

That's the way government should work. And why not? Conditions change quickly. We don't have time to let information wend its way slowly from desk to desk. We've got to give workers the power to make their own decisions.

There are lots of questions to ask.

How can we clarify agency missions? Would thinning out layers of bureaucracy improve the line managers' ability to serve customers? Can we improve the way we hire and train?

How can we bring the information age that has so transformed our private sector into the public sector? Can we reduce the number of rules and regulations that don't directly add value to an agency's mission?

Can we create programs in ways that make sure the design matches the mission?

Finally, what should we stop doing because it just doesn't need to be done anymore?  
Measurement should help us a lot with that question.

This is not the first time people have tried to make government efficient. Even the Brownlow Committee was part of a long line of such efforts -- some successful.

The other day someone told me that in the 1580s the British created a continuously manned station responsible for lighting a bonfire on the cliffs of Dover whenever the Spanish Armada was sighted.

But eventually they did a review and abolished that job.

Of course, they didn't abolish it till 1946.

I think we can do better.

For one thing, we are dramatically different from other attempts that produced reports now gathering dust on the shelves. You know, there's a story about a politician who came to town for a banquet. And as he was sitting at the head table, a waiter came by and put a pat of butter on his plate.

The politician asked, "Can I have another pat of butter?"

The waiter said, "Sorry. One pat per person."

"Well," the politician said, "I guess you don't know who I am. I'm extremely important." And recited his resume in great detail.

When he was done, the waiter said, "I guess you don't know who I am."

"I guess I don't. Who are you?"

"I'm the guy," the waiter said, "who controls the butter."

In Washington, there's always someone who controls the butter.

Maybe it's a vote. Maybe it's a committee. Maybe it's an insight or a procedure or an

idea.

The result is you don't accomplish things alone. Not even a President does.

If we succeed in reinventing government we will do it through a partnership.

And that's the purpose of this meeting today.

Because this Performance Review will not be run by a group of high-priced consultants brought in to tell federal workers how to do their jobs.

It will be the result of all of us in this room working as partners.

None of us has all the answers. Each one of us knows some of the answers.

We will succeed only if each of us provides the insights only we are best equipped to share.

But if we work together, we will succeed.

We will empower communities.

We will use market principles.

We will measure results.

We will decentralize.

We will treat Americans like customers again.

Very different from the way government has been run.

Since the New Deal we've had it in our minds that government's sole job is to deliver services. But government's real job is much more profound.

If you look back at the roots of the word govern, it comes from a Greek word, which means to steer.

That pretty well summarizes what ought to be government's basic role in today's world.

I hope all of us, working together, can create a new role for the federal government. I hope we create a new partnership between government and people. We need a strong federal government, but we don't need a bigger federal government. We need a federal government

that steers our society to health -- not one where it rows every boat.

Will we make mistakes?

Plenty.

There have been times, these last few months, when I have thought of that story I used to hear back in Tennessee about an old man renowned for his wisdom.

One time, somebody asked him how come he was so smart.

"Well ... I've got good judgment," he said. "Good judgment comes from experience.

And experience? Well ... that comes from bad judgment."

We've made mistakes. But listen. Babe Ruth struck out 1330 times.

Meanwhile, we're hitting a lot of home runs.

Last year, people were arguing about whether the deficit could ever be reduced.

Now they've seen the President's plan and the debate is over how much we'll reduce it.

Last year, people were saying we could never cut spending. Now they've seen the

President's plan and the argument is over how much he's cut.

Last year people were saying we could never reform the health care system that's bankrupting families.

Now they've seen the broad outlines of the President's plan and the debate is over how big a change we can get passed -- and whether that's enough.

Last year people thought long-term interest rates couldn't possibly get lower. Now they are rushing to refinance.

Last year people thought ideas like Family and Medical Leave and "Motor Voter" were dead in the water. Now they're both law.

Last year we were arguing about the consequences of inaction. This year we are arguing about the consequences of action.

I'm confident we can move to reshape government in a way that can carry this country into the 21st Century.

President Kennedy use to like telling the story about the French General who asked his gardner to plant a tree.

"Oh, this tree grows slowly," the gardener said. "It won't mature for a hundred years."

"Then there's no time to lose," the General said. "Plant it this afternoon."

The reforms we're after won't come in a day -- or a year. All the more reason to start now.

Work with me in the months ahead. Plant the seeds of a government that will work again.

Armed with your help, with the dedication and insight that has marked your own work in government, we can bring change to America.

I'm confident we can create a government that can move on issues as small as, well, as small as a steamtrap ... and as large as our future.

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REGO

MEMORANDUM

From: Elaine Kamarck  
Date: December 21, 1993  
Re: Attached Speech

Attached is a speech about the Vice President's National Performance Review that I recently gave at a conference in London. The conference, which took place in early December, was organized by our reinventing counterparts in the British government. I'm sending you a copy because I think it'll give you a good sense of where we are in this process.

for your files.

Remarks by Elaine Kamarck  
Senior Policy Advisor to the Vice President  
Queen Elizabeth II Conference Center  
*Service to the Citizen Conference*  
London  
December 7, 1993

Good Morning

I have had the distinct honor of beginning and ending 1993 in this conference center. In January, I was invited here to talk about the Clintonization of the Democratic Party. If I can recall what I said for you at the time, I think you'll see why I am so pleased to be here today.

Last January I spoke of three imperatives facing the new American president.

- The need to bring America into the global economy.
- The need to restore to the Democratic Party an identification with the moral sentiments of average Americans.
- And finally the need to reinvent government in order to restore Americans' faith in the ability of their government to serve them.

Subsequently, President Clinton asked Vice President Al Gore to head up a group charged with reviewing the performance of the Federal government. And the Vice President asked that I join his staff and put together this operation. Thus I end 1993 here in the same hall, somewhat wiser, very much more than eleven months older and very happy to be here to share with you our experiences in this effort and to learn from you what we can take back.

As those of you here today know, the business of changing the way bureaucracy works is not easy. The National Performance Review, as we called our effort in the United States, confronted a federal government consisting of 2.1 million civilian, federal employees. The Clinton Administration has a mere 3,000 positions available to lead this government. Given these ratios between civil service and political leadership, we knew that it would be impossible to change the government without the whole hearted involvement of the civil service, or as we sometimes refer to them, the permanent government. Thus we staffed the National Performance Review with volunteers and recruits from throughout the civil service.

The second decision we made which I'm also very happy with, (obviously I've not come all the way across the Atlantic to tell you about all the decisions I've made that I wasn't very happy with) [laughter] was to look to the high performing organizations of the private sector and the public sector.

We found an interesting thing. Congress and the Office of Management and the Budget had made quite a career over the years of studying failures in the government. The Congressional auditing arm - the General Accounting Organization as well as the budget office had published a series of what we call "High Risk" reports. Year after year, the same departments and the same programs showed up on these reports and nothing ever changed.

So we decided to flip this around and start with success -- to both study it and to celebrate it. Because we have many layers of government in the United States, we could look not only within the federal government where we found a stunning success story at the Air Combat Command, part of the United States Air Force, we could also look to state governments like Texas where Comptroller John Sharp -- who I believe will join you tomorrow-- had trimmed so much fat out of the Texas state government that he saved them the pain of having to impose an income tax on their citizens. We could look at city government where cities like Sunnyvale, California had undertaken a decade long effort which resulted in revolutionized public sector budgeting.

Thus the report that the Vice President released to the President on September 7th was not the traditional government critique of government failure -- not in appearance, not in writing style, and not in content. We grouped our recommendations around four characteristics of successful information age organizations. And what do those organizations do?

- They cut red tape.
- They put their customers first.
- They empower their employees to get results.
- And they carefully define their mission and cut back on what is unnecessary or anachronistic.

Under cutting red tape we proposed a series of changes to three of the basic systems of the federal government that had become over the years needlessly tied up in red tape -- the budget system, the personnel system, and the procurement system of the federal government.

The federal government of the United States buys 200 billion dollars worth of goods and services every year. We looked at that system and we found an incredible number of cases where the system was simply standing in the way of good and effective government and clearly costing a great deal of money.

And let me just pause from my text to tell you one of the stories that the President heard when he announced the procurement initiative in October. During the Gulf War, the American forces on their way to Saudi Arabia wanted to purchase some simple handheld radios which Motorola, an American corporation produced. They needed about 6000 of these. However the kind of radio they wanted to buy was a commercial item. In other words, it had been produced without the bureaucracy that the Pentagon had over the years imposed upon sectors to make it a military item. Because it was a commercial item and not a military item, the United States government couldn't buy these radios, and so guess what -- how do you suppose they solved the problem? The Japanese bought them for us. This is a topic on which the President and the Vice President do not mince words. Politicians of all nationalities are quite interested in saying things carefully. But when they heard this story both the President of the United States and the Vice President said, "This is crazy, stop it!" And we intend to do so.

We also proposed a dramatic streamlining of the requirements that we as the federal government impose on state and local governments when we distribute federal money. Again the federal government itself does not interact directly with the citizens as often as say the British national government or some of the other western European governments. However, we do give a great deal of money to state and local

governments and we tie them up in red tape which prevents them from offering effective customer service and we want to stop that.

Under putting customers first we looked to Great Britain, we looked to Australia, we looked to New Zealand, and we looked to some state governments in the United States like Texas that had undergone similar reviews and similar studies of how they could deliver first class customer service to the citizens. We persuaded the Social Security Administration and the Internal Revenue Service to establish and publicize customer service standards just as the Post Office has already done. And the first executive order that President Clinton issued following his acceptance of the report from the Vice President was an executive order requiring that every branch of government that dealt directly with the public, study and survey their customers and publish customer service standards .

Under empowering employees to get results we proposed decentralizing decision making and cutting the layers of bureaucracy. We established a national labor-management partnership council between federal managers and their unions and we mandated union involvement in decisions about the workplace. This is the first time this has ever been done. Needless to say it wasn't done without some kicking and screaming but we are intent on making it work.

And finally we proposed cutting back to basics -- we took on some programs that had clearly outlived their usefulness and proposed their elimination. And we proposed reengineering existing programs to cut costs.

All in all, the report totaled nearly 400 recommendations. Both the President and the Vice President, understanding the need to communicate their vision, traveled the United States extensively in early September. And the American public -- never big fans of government in the first place -- welcomed the program then and now.

Since then, however, we've had to get down to the hard work of implementation. We were warned by our friends abroad and our friends in other states just how hard this would be -- and they were right. Unlike other Presidential initiatives, the initiative to reinvent government can not be, nor will ever be, summed up in one single piece of legislation. There will never be that dramatic up or down vote as there was on the North American Free Trade Association a couple of weeks ago, there will never be that one decisive moment which politicians crave and in which we can say "Aah we won! We've done it! We've reinvented government, let's go do something else."

Instead the initiative breaks down into several parts

- First of all, a series of actions that can be taken within the executive branch of government alone. The most visible of these are presidential executive orders. Nearly all of those in the report have been signed and implemented.
- A second part of the initiative consists of pieces of legislation that affect the individual departments of government. Thirty-five legislative pieces passed the House of Representatives in November. The remaining ones will be included in President Clinton's FY '95 budget submission to Congress.
- A third part of the initiative consists of major legislative changes to the underlying systems of the government. Here we are working on a major overhaul of the procurement system, and we have begun, with the labor unions and management , an overhaul of the civil service hiring, firing, and classification system.

- And last but not least, is the business of changing the very culture of the federal government. This is at once the most amorphous and yet potentially the most significant of all the initiatives.

We know that we can never anticipate every problem and every solution from the White House or even from Washington, DC. Therefore, we must use the leadership of the President and the Vice President to empower employees to make those changes themselves. And when that happens, it really works.

The other day a man came to see me from the Bureau of Reclamation in the Interior Department. He came to talk to me about fish ladders. Well, I didn't even know what a fish ladder was. I've since found out that a fish ladder is something built over a dam so that fish like salmon can spawn. The Department of Interior of the United States Government apparently has the responsibility for building fish ladders and one of the things he told me was that up until September of 1993 there was a three year approval process for building a fish ladder and of course-over three years there were a lot of fish that died. Fish ladders are not terribly expensive things-after all I think far less than a million dollars. The government pays that in interest every couple of minutes. [laughter] So it wasn't even a big money expenditure and yet it took three years to get this approved. What he had done was look at the bureaucracy and get this three year process down to a two week process and then he took all the people who used to do nothing but approve fish ladders and got them actually out in the field doing the environmental reconstruction and on the ground work that the Department of Interior ought to be doing. I couldn't have known to instruct anyone to do that. I had to rely, the Vice President has to rely, on the ongoing efforts of the people who run this government day-to-day to find the problems, tell us the problems, and fix the problems.

In closing, let me stress why I believe it is so important that democratic societies at this point in time reexamine the way they govern. The average working men and women of the Western democracies did not fight and win the Cold War for democratic values in order to be stared down and abused at the hands of a sullen and faceless bureaucracy. After all, this is their government.

The citizens of democracies have every right to a government that works better and costs less; to a government that cares about their needs more than it cares about the needs of its own often silly rules and regulations; a government that seeks to give value in return for every hard earned tax dollar.

A century ago, bureaucracy was a great step forward — it replaced favoritism and class as the basis for government action. Today, bureaucracy has a negative connotation. Those rigid, rule driven hierarchies appropriate to the industrial age are not appropriate to the information age.

This is the challenge of those of us who govern at the consent of the governed.

Thank you very much.