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FROM RED TAPE TO RESULTS

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# CREATING A GOVERNMENT THAT WORKS BETTER & COSTS LESS

## Executive Summary

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Report of  
the National  
Performance Review

Vice President Al Gore

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Executive Summary

**The Report of the  
NATIONAL PERFORMANCE REVIEW  
Vice President Al Gore**

**September 7, 1993**

**Note to Readers: This is the SUMMARY of From Red Tape to Results: Creating a Government that Works Better & Costs Less, the report of the National Performance Review led by Vice President Al Gore. A copy of the complete report can be obtained by calling (202) 783-3238 or by visiting a GPO Bookstore.**

*“Our goal is to make the entire federal government both less expensive and more efficient, and to change the culture of our national bureaucracy away from complacency and entitlement toward initiative and empowerment. We intend to redesign, to reinvent, to reinvigorate the entire national government.”*

— **President Bill Clinton**  
Remarks Announcing the  
National Performance Review  
March 3, 1993

## The National Performance Review

The National Performance Review began on March 3, 1993 when President Clinton announced a six-month review of the federal government and asked Vice President Gore to lead the effort. 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, procurement or budget policies. The goal: identify problems and offer solutions and ideas for savings. 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 new ways 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 while 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, government, and 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. The National Performance Review teams examined every cabinet department and 10 agencies. A 'bottom-up' review at the Department of Defense and the work of the Health Care and Welfare Reform Task Forces at the Department of Health and Human Services both covered areas that the National Performance Review did not.

This report represents the beginning of what will be, and what must be, an ongoing commitment to change. It includes actions that should 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. It reflects a government-wide determination to 'reinvent' government — to create a government that works better and costs less. 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.

# INTRODUCTION

The National Performance Review is about change — historic change — in the way the government works. It's time we had a new customer service contract with the American people, a new guarantee of effective, efficient, and responsive government that puts our customers first and demonstrates to the American people that their tax dollars will be treated with respect for the hard work that earned them. The National Performance Review is about moving from red tape to results to create a government that works better and costs less.

This is a summary of the first product of our efforts. In it, we make hundreds of recommendations saving \$108 billion over five years.

## THE PROBLEM/THE SOLUTION

**T**he National Performance Review looked to see how successful organizations — businesses, city and state governments, and organizations of the federal government — had made savings and efficiencies. The successful organizations had several things in common. They:

- **Cut red tape** — shift from a system based on accountability for following rules, to one where employees are accountable for achieving results.
- **Put the customer first** — listen to them, restructure basic operations to meet their needs, and use market dynamics such as competition and customer choice to create incentives for success.

- **Empower employees to get results** — decentralize authority and empower those who work on the front lines to make more of their own decisions and solve more of their own problems.
- **Cut back to basics** — abandon the obsolete, eliminate duplication, and end special interest privileges.

These characteristics constitute the four key principles around which we have based our report.

## Chapter 1

# CUTTING RED TAPE

*About ten years ago, two foresters returned from a hard day in the field to make plans for the coming week. Searching for a detail of agency policy, they found themselves overwhelmed by voluminous editions of policy manuals, reports, and binders filled with thousands of directives. One forester recalled the very first Forest Service manual — small enough to fit into every ranger's shirt pocket, yet containing everything foresters needed to know to do their jobs.*

*"Why is it that when we have a problem," the other forester asked, "the solution is always to add something — a report, a system, a policy — but never take something away?"*

*The first replied: "What if...we could just start over."*

Consider the plight of managers in the million-acre Ochoco National Forest, in Oregon. Until recently they had 70 separate budgets — one for fence maintenance in the north sector, another for brush burning in the south, and so on — divided into 556 management codes and 1769 accounting lines. To transfer money between accounts they needed approval from headquarters. The task of tracking spending in each pot consumed 45-60 days of their time each year. It also sent a message: They were not trusted with even the simplest responsibilities.

The federal government does at least one thing well: It generates red tape. But not one inch of that red tape appears by accident. In fact, the government creates it all with the best of intentions. It is time now to put aside our reverence for those good intentions and examine what they have created—a system that makes it hard for our civil servants to do what we pay for, and frustrates taxpayers who rightfully expect their money's worth.

## STEP 1: STREAMLINING THE BUDGET PROCESS

We must streamline the budget process to remove the many restrictions that consume managers' time and literally force them to waste money. We focus on process when we should focus on content, spending needless hours and money in the process.

**Action:** *The President should begin the budget process with an executive budget resolution, setting broad policy priorities and allocating funds by function for each agency.*

Federal managers should focus primarily on the content of the budget, not on the process. The

President should issue a directive in January 1994 to mandate the use of an executive budget resolution in developing his fiscal year 1996 budget.

**Action:** *Institute biennial budgets and appropriations.*

We recommend that Congress establish biennial budget resolutions and appropriations and multi-year authorizations. The first biennium should begin October 1, 1996 to cover fiscal years 1997 and 1998.

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**Action:** *OMB, departments and agencies will minimize budget restrictions such as apportionments and allotments.*

Congress typically divides its appropriations into more than 1,000 accounts. OMB apportions each account further, and Departmental budget offices even further. Managers find their money fenced into separate accounts and are forced to spend money where they have it, not where they need it.

**Action:** *OMB and agencies will stop using Full Time Equivalents (FTE) ceilings, and instead will manage and budget using ceilings on operating costs to control spending.*

The President will direct OMB and agency heads to stop setting FTE ceilings in fiscal year 1995. Instead of controlling the size of the federal workforce by employment ceilings — which cause inefficiencies and distortions in managers' personnel and resource allocation decisions — this new system will control the federal workforce by controlling dollars available in operating funds.

**Action:** *Eliminate FTE floors and minimize congressional restrictions such as line items, and earmarks.*

**Action:** *Allow agencies to roll over 50 percent of what they do not spend on internal operations during a fiscal year.*

As part of its 13 fiscal year 1995 appropriations bills, Congress should permanently allow agencies to roll over 50 percent of unobligated, year-end balances in all appropriations for operations. It should allow agencies to use up to 2 percent of rolled-over funds to finance bonuses for the employees involved in savings.

## STEP 2: DECENTRALIZING PERSONNEL POLICY

**O**ur federal personnel system has been evolving for more than 100 years. Year after year, layer after layer, the rules have piled up. This elaborate system does not work. To create an effective federal government, we must reform virtually the entire personnel system: recruitment, hiring, classification, promotion, pay and reward systems.

**Action:** *OPM will deregulate personnel policy by phasing out the 10,000 page Federal Personnel Manual and all agency implementing directives.*

**Action:** *Give all departments and agencies authority to conduct their own recruiting and examinations for all positions, and abolish all central registers and standard application forms.*

**Action:** *Dramatically simplify the current classification system to give agencies greater flexibility in how they classify and pay their employees.*

**Action:** *Agencies should be allowed to design their own performance management and reward systems, with the objective of improving the performance of individuals and organizations.*

**Action:** *Reduce by half the time required to terminate federal managers and employees for cause and improve the system for dealing with poor performers.*



## STEP 3: STREAMLINING PROCUREMENT

Every year the government spends \$200 billion buying goods and services. That's \$800 per American. With a price tag like that, taxpayers have a right to expect prudent spending.

But precisely because government tries to be prudent, our procurement system has become too complex, absurdly slow, and frequently ineffective. Our elaborate safeguards often cost more money than they save. Federal procurement must be massively reshaped by decentralizing authority to line managers and simplifying regulations and processes.

**Action:** *Simplify the procurement process by rewriting federal regulations — shifting from rigid rules to guiding principles.*

The Administration will rewrite the Federal Acquisition Regulation, the government's principal set of procurement regulations, the 2,900 pages of agency supplements that accompany it, and Executive Order 12352, which governs federal procurement.

**Action:** *The GSA will delegate significantly more authority to federal agencies to purchase information technology, including hardware, software and services.*

The federal government takes, on average, more than four years to buy major information technology systems; the private sector takes 13 months. GSA will raise authorization levels for

agencies to purchase equipment and services on their own from \$2.5 million to \$50 million, \$20 million, or \$5 million depending on the agency.

**Action:** *GSA will simplify the procurement process by allowing agencies to buy where they want, and by testing a fully "electronic marketplace."*

Instead of forcing managers to buy items on GSA "supply schedules" — lists of items and approved prices — they will be free to buy the same or comparable product for less if they can find it.

**Action:** *Allow agencies to make purchases under \$100,000 through simplified purchase procedures.*

Current law allows use of simplified procurement practices only on purchases of \$25,000 or less.

**Action:** *Rely more on the commercial marketplace.*

The government can save money by buying more commercial products instead of requiring products to be designed to government-unique specifications.

**Action:** *Bring federal procurement laws up to date.*

## STEP 4: REORIENTING THE INSPECTORS GENERAL

The Inspectors General are independent of the agencies in which they operate. They report to Congress twice a year and perform an audit and investigations function that is valid and important. We seek to broaden their role.

However, federal employees complain that the IG's basic approach inhibits innovation. Heavy-handed enforcement has a negative effect in some agencies and creates adversarial relationships with some managers who try to do things better.

**Action:** *Broaden the focus of the Inspectors General from strict compliance auditing to evaluating management control systems.*

Today, Inspectors General look for "waste, fraud, and abuse." In the future they should also help improve systems to prevent waste, fraud and abuse, and ensure efficient, effective service.

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## STEP 5: ELIMINATING REGULATORY OVERKILL

**R**einventing our budget, personnel and procurement systems will strip away much of the red tape that makes governing so cumbersome — but not all. Thousands of outdated, overlapping regulations remain in place.

**Action:** *The President should issue a directive requiring all federal agencies to review internal government regulations over the next two years, with a goal of eliminating 50 percent of those regulations.*

**Action:** *Improve inter-agency coordination of regulations to reduce unnecessary regulation and red tape.*

We propose a new executive order to enhance the coordination and planning process and put tight limits on the review process. We propose that OMB should review only those proposed regulations that have significant economic, fiscal, or social impact; may conflict or interfere with

another agency's actions; or raise novel legal or policy issues.

**Action:** *Establish a process by which agencies can more widely obtain waivers from regulations.*

The President will direct each federal agency to establish and publish, in a timely manner, an open process through which other federal agencies can obtain waivers from that agency's regulations — with an expedited appeals process.

**Action:** *Reduce the burden of congressionally-mandated reports.*

In fiscal year 1993, Congress required executive branch agencies to prepare 5,348 reports. We will ask Congress to pass legislation granting OMB the flexibility to consolidate and simplify statutory reports and establishing a sunset provision in any reporting requirements adopted by Congress in the future.

## STEP 6: EMPOWER STATE AND LOCAL GOVERNMENTS

**T**o the average citizen, a tax is a tax — and a service a service — regardless of which level of government is responsible. To reinvent government in the public's eyes, we must address the web of federal-state-local relations.

**Action:** *The President should establish a Cabinet-level Enterprise Board to oversee the Administration's community empowerment initiative.*

The President will immediately establish a working group of cabinet-level officials, with leadership from the Vice President, the Domestic Policy Council, and the National Economic Council, committed to solutions that respect 'bottom-up' initiatives rather than 'top-down' requirements.

**Action:** *The President should issue a directive limiting the use of unfunded mandates by the administration.*

The directive would narrow the circumstances under which departments and agencies could impose new unfunded burdens on state and local governments and would direct federal agencies to review their existing regulations and reduce the number of mandates.

**Action:** *Consolidate 55 categorical grant programs with funding of \$12.9 billion into six broad "flexible grants" — in job training, education, water quality, defense conversion, environmental management, and motor carrier safety.*

This proposal came from the National Governors Association and the National Conference of State Legislatures and would consolidate some 20 education, employment and training programs (\$5.5 billion in FY 93); roughly ten other education programs (\$1.6 billion); ten small environmental programs (\$392 million); six water quality programs

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(\$2.66 billion); six defense conversion programs (\$460 million); and one motor carrier safety program (\$76 million).

**Action:** *Congress should allow states and localities to consolidate separate grant programs from the bottom up.*

Localities would have the authority to mix funding from different programs without Washington's approval when combining grants smaller than \$10 million each.

**Action:** *Give all cabinet secretaries and agency heads authority to grant states and localities selective waivers from federal regulations or mandates.*

We will ask Congress to give cabinet officers authority to grant waivers under limited circumstances — waivers would be time limited and require performance measures.

**Action:** *Give control of public housing to local public housing authorities with histories of excellent management and substantially deregulate the rest.*

We and the Secretary of the Department of Housing and Urban Development recommend that Congress give HUD the authority to create demonstration projects in which local housing authorities would continue to receive operating subsidies as long as they meet a series of performance targets. These projects would be free from other HUD control.

## Conclusion

The changes described above are ambitious. They will take enormous effort and enormous will. It will be many years before all of them take root. But if they succeed, the American people will have a government capable of attacking their problems with far more energy and far less waste than they can today imagine.

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## Chapter 2

# PUTTING CUSTOMERS FIRST

*We are going to rationalize the way the federal government relates to the American People, and we are going to make the federal government customer friendly. A lot of people don't realize that the federal government has customers. We have customers. The American people.*

**Vice President Al Gore**

Town Meeting, Department of Housing  
and Urban Development  
March 26, 1993

**F**our years ago, the IRS got a widely publicized low mark for customer service. The General Accounting Office discovered that IRS staff gave a wrong answer to one of every three taxpayers who called with a question.

Since then, the IRS has changed. In a switch that signalled a basic change in attitude, agency employees began referring to taxpayers as customers. And the agency improved its accuracy rate to 88 percent.

How did they do it? Certainly using the word "customer" was not enough. But thinking hard about customer service was important. And agencies can only do that when they are liberated from the grip of monopolies and the dynamics of the marketplace enter the picture.

This does not mean we should run government agencies exactly like private businesses. After all, many of government's functions are public responsibilities precisely because the private sector cannot, should not, or would not manage them. But we can transplant some healthy practices of the business world into the public arena. We can create an environment that commits federal managers to the struggle to cut costs and improve quality — just like private managers.

We propose four specific steps to break federal monopolies, inject competition into government, and provide incentives for federal employees to better serve their customers.

## STEP 1: GIVING CUSTOMERS A VOICE — AND A CHOICE

**W**e propose to set a goal of providing customer services equal to the best in business.

**Action:** *The President should issue a directive requiring all federal agencies that deliver services to the public to identify and survey customers, and provide customer service equal to the best in business.*

**Action:** *For voluntary customer surveys, the Office of Management and Budget will delegate its survey approval authority under the Paperwork Reduction Act to departments that are able to comply with the act.*

We propose to delegate approval of voluntary customer surveys to departments with the ability to comply with the law, and ensure that they create rapid approval processes so bottlenecks don't develop at lower levels.

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**Crossing Agency Boundaries**

Washington's organizational chart doesn't always make sense. The traditional solution — shuffling the organizational chart — that takes too long and by the time it's complete, the problem has changed. The best solution is to melt the rigid boundaries between organizations, organizing work according to customers' needs and anticipated outcomes, not bureaucratic turf. That means giving federal workers greater decision-making authority, allowing them to operate effectively in cross-cutting ventures; stripping federal laws of prohibitions against such cooperation; and ordering agencies to reconsider their own regulations and tradition-bound thinking.

**Action:** *Create a system of competitive, one-stop, career-development centers open to all Americans.*

These centers would offer skills assessment, information on jobs, and access to education and training. They would be linked to all federal, state, and local workforce development programs and to many private ones.

**Action:** *The President should issue a directive and propose legislation to reconstitute the Federal Coordinating Council for Science, Engineering and Technology as the National Science and Technology Council, giving it a broader and more effective role in setting science and technology policy.*

The FCCSET is a White House-managed team that helps set policy for technology development and includes representatives of more than a dozen departments. The new council would direct science and technology policy more forcefully.

**Action:** *The President should issue a directive to give the Trade Promotion Coordinating Committee (TPCC) greater authority to control federal export promotion efforts.*

The TPCC, chaired by the Commerce Secretary and including representatives from 19 departments, agencies, and executive offices, gains broader authority to create performance measures and set allocation criteria for the nation's export promotion programs.

**Action:** *The President should create a process to establish ecosystem management policies across the government.*

A host of federal agencies have jurisdiction over individual pieces of our national ecosystem and no coordinated approach governs their activity.

**Action:** *The President should create a Federal Coordinating Council for Economic Development (FCCED).*

This council would coordinate regional development, mitigate community dislocation and provide state and localities a central source of information.

**Action:** *Eliminate statutory restrictions on cross-agency activities that are in the public interest.*

Congress should repeal a series of restrictions that stand in the way of cross-agency collaboration, and refrain from putting future restrictions in appropriations bills.

**Action:** *The President should issue a directive that requires collaborative efforts across the government to empower communities and strengthen families.*

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## STEP 2: MAKING SERVICE ORGANIZATIONS COMPETE

**W**hile our federal government has long opposed private monopolies it has deliberately created public ones. Originally this approach may have had its virtues. Not today. Economists don't agree on much but they do concur that monopolies provide poorer service at higher prices than competitive companies.

**Action:** *Eliminate the Government Printing Office's monopoly.*

For all executive branch printing, we want to encourage competition between the GPO, private companies, and agencies' in-house publishing operations.

**Action:** *The President should end the General Service Administration's real estate monopoly and make the agency compete for business. GSA will seek legislation, revise regulations and transfer authority to its customers, empowering them to choose among competing real estate management enterprises, including those in the private sector.*

### Competition in Support Services

**Action:** *The President should establish an implementation team to encourage operations of one agency to compete for work in other agencies.*

### Competing with the Private Sector

Forcing government's internal service bureaus to compete to please their customers is only part of the solution. In a time of scarce public resources, many federal organizations should also be required to compete with private sector companies.

**Action:** *The National Oceanic and Atmospheric Administration (NOAA) will experiment with a program of public-private competition to help fulfill its mission.*

**Action:** *The Defense Department will implement a comprehensive program to contract competitively non-core functions such as data processing, billing, and payroll.*

To remove current roadblocks, the administration will rescind its executive orders on performance of commercial activities and the department will prepare legislation.

**Action:** *Amend the Job Training Partnership Act to authorize public and private competition for the operation of Job Corps Civilian Conservation Centers.*

Legislation prevents the Labor Department's Employment and Training Administration from contracting out the Civilian Conservation Centers now run by the Agriculture and Interior Departments and insulates these centers from competition.

### Truth in Budgeting

If federal organizations are to compete for their customers they must include their full costs in the price they charge — not hide them in overhead, the traditional way governmental accounting understates the true costs of any service.

**Action:** *By the end of 1994, The Federal Accounting Standards Advisory Board will issue a set of cost accounting standards for all federal activities. These standards will provide a method for identifying the true unit cost of all government activities.*

## STEP 3: CREATING MARKET DYNAMICS

Not all public activities should be subject to competition. In some cases, even service delivery operations are better off as monopolies. In the private sector we call these "utilities" and regulate them to protect the consumer. At other times, government subjects public organizations to market dynamics. The federal government should use this option more often.

**Action:** *Restructure the nation's air traffic control system into a corporation.*

The government-owned corporation would be supported by user fees and governed by a board of directors that represents the system's customers.

**Action:** *The General Services Administration will create a Real Property Asset Management Enterprise, separating GSA's responsibility for setting policy on federally owned real estate from that of providing and managing office space.*

This will optimize the highest rate of return for taxpayers, while competing with the private sector and better serving tenants' needs.

**Action:** *The Department of Housing and Urban Development will turn over management of its "market rate" rental properties and mortgage loans to the private sector.*

If the department entered into limited partnerships with real estate firms, it could retain most profits from any sales and let a private business entity perform the sales in the most economically beneficial way.

## STEP 4: USING MARKET MECHANISMS TO SOLVE PROBLEMS

Government cannot create a program for every problem facing the nation. It can't just raise taxes and spend more money. We need governance, which means setting appropriate priorities, then using the federal government's immense power to steer the direction of market forces in the private sector.

### Worker Safety and Health

**Action:** *The Secretary of Labor will issue new regulations for worksite safety and health, relying on private inspection companies or non-management employees.*

With this new approach, OSHA could ensure that all workplaces are regularly inspected without hiring thousands of new employees.

### Environmental Protection

**Action:** *Encourage market-based approaches to reduce pollution.*

### Public Housing

**Action:** *Authorize the Department of Housing and Urban Development to create demonstration projects that free managers from regulations and give tenants new market powers, such as freedom of choice to move out of old public housing buildings.*

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## *Conclusion*

All these recommendations are ways government can begin treating taxpayers as customers. The quality revolution sweeping through American businesses — and now penetrating the public sector — has drawn enormous attention to the issue of customer service. While some federal agencies have begun to respond, there is much

more to be done. By creating competition between public organizations, contracting services out to private organizations, listening to our customers, and embracing market incentives wherever appropriate, we can transform the quality of services delivered to the American people.



EMPOWERING EMPLOYEES TO GET RESULTS

## Chapter 3

# EMPOWERING EMPLOYEES TO GET RESULTS

*“Take two managers and give to each the same number of laborers and let those laborers be equal in all respects. Let both managers rise equally early, go equally late to rest, be equally active, sober, and industrious, and yet, in the course of the year, one of them, without pushing the hands that are under him more than the other, shall have performed infinitely more work.”*

**George Washington**

*“When nature has work to be done, she creates a genius to do it.”*

**Ralph Waldo Emerson**

**D**espite our solid core of capable employees, we lack efficient management systems. Cutting red tape, measuring results, empowering customers and creating competition incentives will create an environment that rewards success. Now we must create a culture of public entrepreneurship — of people willing to innovate.

Changing the culture of the federal workplace is a lot harder than changing its rules and regulations. We must discover what the private sector has already embraced: that more isn't always better, but better is better. We must pursue a new goal: quality. And we must organize around it. How do we do it? We suggest six steps.

## STEP 1: DECENTRALIZING DECISIONMAKING POWER

**W**e must give decision-making power to those who do the work, pruning layer upon layer of managerial overgrowth.

**Action:** *Over the next five years, the executive branch will decentralize decisionmaking and increase the average span of a manager's control.*

Currently, the federal government averages one manager or supervisor for every seven employees. We will double that. The federal government will average one manager for every 15 employees.

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## STEP 2: HOLD ALL FEDERAL EMPLOYEES ACCOUNTABLE FOR RESULTS

**M**ore authority for employees goes hand-in-hand with more responsibility and creating the means to hold employees accountable for performance.

### Implementing the Government Performance and Results Act

**Action:** *All agencies will begin developing and using measurable objectives and reporting results.*

In early 1994 — in time for preparing the fiscal 1996 budget — OMB will revise the budget instructions it gives agencies to incorporate performance objectives and results to the greatest extent possible.

**Action:** *Clarify the objectives of federal programs.*

With a new joint spirit of accountability, the executive branch plans to work with Congress to

clarify program goals and objectives, and to identify programs where lack of clarity is making it difficult to get results.

### Holding Top Management Accountable

**Action:** *The President should develop written performance agreements with department and agency heads.*

The President's agreements with cabinet secretaries and agency heads will focus on a few broad, measurable goals important to the administration's overall policy objectives and strategy.

**Action:** *The administration will issue one set of Baldrige Awards for quality in the federal government.*

The new award will recognize agency and work unit quality initiatives and ideas, based on program performance, cost savings, innovation, and customer satisfaction.

## STEP 3: GIVE FEDERAL WORKERS THE TOOLS THEY NEED TO DO THEIR JOBS

**T**ransforming our federal government will mean recasting what people do as they work. They will turn from bosses into coaches, from directors into negotiators, from employees into thinkers and doers. We must give workers the tools they need to get results — then make sure they can use them.

### Employee Training:

After two decades of organizing for quality, business knows one thing for sure: empowered people need new skills — to work as teams, use new computer software, interpret financial and statistical information, cooperate with and manage other people, and adapt.

**Action:** *The Administration will grant agencies the flexibility to finance training needs.*

We will grant agencies one-quarter of the savings they realize from decentralizing staff and

reducing operating costs (see Chapter 1) to invest in worker training, performance measurement and benchmarking. They also will be allowed to borrow from innovation funds — described in Chapter 4 — to fund essential training.

**Action:** *The federal government will upgrade information technology training for all employees.*

**Action:** *Eliminate narrow restrictions on employee training to help develop a multiskilled workforce.*

### Management Information Systems:

Good information comes from good information systems.

**Action:** *The executive branch will create a coherent financial management system, clarify*

## EMPOWERING EMPLOYEES TO GET RESULTS

*responsibilities, and raise the standards for financial officers.*

**Action:** *Within 18 months, the Federal Accounting Standards Advisory Board will issue a comprehensive set of credible accounting standards for the federal government.*

**Action:** *The administration will issue an Annual Accountability Report to the Citizens.*

Under a directive to be issued by 1995, the Treasury and the OMB will develop a simplified version of the government's financial condition, to be published as the Annual Accountability Report to the Citizens.

### **Information Technology:**

When workers have current and flexible technology to do their jobs, they improve performance. We need to get more computers off the shelf and into the hands of federal employees.

**Action:** *The administration will develop a strategic plan for using information technology throughout the federal government.*

## STEP 4: ENHANCE THE QUALITY OF WORKLIFE

**W**e must make federal offices better places to work by treating workers as mature and honest individuals and by being sensitive to their lives outside the office.

**Action:** *The federal government will update and expand family-friendly workplace options.*

The President will issue an executive order requiring that all agencies adopt compressed/flexible time, part-time, and job sharing work schedules. Agencies will also be asked to make other changes, such as allowing federal employees to use accrued sick leave to care for sick or elderly dependents or for adoptions.

**Action:** *The executive branch will abolish all employee time sheets and time cards for the standard work week.*

**Action:** *The President should issue a directive committing the administration to greater equal opportunity and diversity in the federal workforce.*

## STEP 5: FORM A LABOR-MANAGEMENT PARTNERSHIP

**W**e can only transform government if we transform the adversarial relationship that dominates federal union-management interaction into a partnership for reinvention and change.

**Action:** *The President should issue a directive that establishes labor-management partnership as an executive branch goal and establishes a National Partnership Council to help implement it.*

By October 1, 1993, the President will appoint the National Partnership Council which will include appropriate federal cabinet secretaries, deputy secretaries, and agency directors; the presidents of AFGE, NTEU, and NFFE; and a representative of the Public Employee Department of the AFL-CIO. Within six months, the Council will recommend legislation to the President.

**Action:** *The National Partnership Council will propose the statutory changes needed to make labor-management partnership a reality.*

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## STEP 6: EXERT LEADERSHIP

**L**arge private corporations that have answered the call for quality have succeeded only with the full backing of their CEO and top management. We will need the same.

**Action:** *The President should issue a directive detailing his vision, plan, and commitment to creating quality government.*

The first executive order issued along with this report will clarify the President's vision of a quality federal government.

**Action:** *Every federal department and agency will designate a chief operating officer.*

The chief operating officer will not be a new hire but a senior agency official who will be responsible for implementing National Performance Review recommendations.

**Action:** *The President should appoint a President's Management Council to lead the quality revolution and ensure the implementation of National Performance Review plans.*

The President's Management Council will be the President's chief instrument to retool management systems throughout the executive

branch. The President should appoint the Deputy Director for Management of OMB to chair the PMC and its progress will be specifically overseen by the Vice President. The Council will include the COOs from 15 major agencies and three other agencies designated by the chair, the heads of GSA and OPM, and the President's Director of Cabinet Affairs (ex officio).

**Action:** *The President's Management Council will launch quality management "basic training" for all employees, starting with top officials and cascading through the entire executive branch.*

To nurture a quality culture within government, we must help the entire workforce understand the President's vision. Unless we train everyone in the new skills they need — and help them understand the new roles they are expected to play — they can, through passive or active resistance, frustrate well-intentioned attempts to progress. So first and foremost, everyone will need to learn what working and managing for quality is all about.

## Conclusion

We must move from control to collaboration. We must allow the people who face decisions to make decisions. We must do everything to ensure that when our federal workers exercise their judgment they have the best information, analysis, and tools. We must trust that they will do their best — and measure the results.

## Chapter 4

# CUTTING BACK TO BASICS

*"I feel like the person in the old movie who writes in lipstick on bathroom mirrors, 'Stop me before I kill again.' However, in my case, the legend should be, 'Stop me before I steal some more.'"*

**Letter from Bruce Bair of Schoenchen, KS**  
to Vice President Gore  
May 24, 1993

**B**ruce Bair admitted to "stealing" from the federal government — at a rate of about \$11 a hour. His job was checking the weather in Russell, Kansas every hour and reporting to the Federal Aviation Administration. Bair saw just two landings in more than a year during his night shift. Days were only slightly busier. Before the advent of automated weather gathering devices, human weather watchers at small stations were vital for aircraft safety. Today they could be replaced with machines. Bair believed that too but although Russell has had a machine for some time, the FAA has not yet eliminated the human staff. Bair finally quit his job. Now, he says, "I'm no longer stealing from the government."

Is government still doing things it no longer needs to do? Are we paying for obsolete programs? Are we paying for programs that weren't needed in the first place? Are we spending public

money to benefit special interest groups? Are we doing all we can to stop fraud? Are we doing all we can to deny benefits to people who aren't eligible for them?

When we start acting on the answers to those questions we will begin to have a more effective government.

We also face a second task: we must fight for a fairer government, one that collects on the loans it makes and the taxes it's owed.

Finally, we must make government work better by taking a hard look at its internal processes. We must consolidate programs to eliminate duplication. We must adopt more efficient ways to design regulations and resolve disputes. And we must take advantage of the revolution in computers and telecommunications to cut service delivery costs.

## STEP 1: ELIMINATE WHAT WE DON'T NEED

### **Eliminate the obsolete:**

**Action:** *Give the President greater power to cut items from spending bills.*

For the President to cut wasteful spending, he needs the power of what is called, in Washington, "enhanced rescision." That is, the President should have greater authority to reject individual spending items.

**Action:** *Within 18 months, the President's Management Council will submit to Congress a report on closing and consolidating federal civilian facilities.*

**Action:** *The Department of Agriculture will close or consolidate 1,200 field offices.*

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**Action:** *Under a five-year plan, the Department of Housing and Urban Development will eliminate all regional offices, pare down its 80-field office system, and cut its staff by 1,500 people.*

**Action:** *The Department of Energy will consolidate and redirect the mission of its laboratories, production, and testing facilities to meet post-Cold War national priorities.*

**Action:** *The U.S. Army Corps of Engineers will reduce the number of regional offices from 11 to six.*

**Action:** *The Small Business Administration will reduce the number of field offices and consolidate services based on criteria now being developed.*

**Action:** *The U.S. Agency for International Development will reduce the number of its overseas missions by approximately one-half.*

**Action:** *The U.S. Information Agency will cut the number of libraries and reference centers it pays for overseas.*

**Action:** *The Department of State will reduce by 11 the number of Marine Guard detachments it employs.*

**Action:** *Pass legislation to allow the sale of the Alaska Power Administration.*

**Action:** *Terminate federal grant funding for Federal Aviation Administration higher education programs.*

**Action:** *Close the Uniformed Services University of the Health Sciences.*

**Action:** *Suspend the acquisition of new federal office space.*

### **Eliminate Duplication:**

**Action:** *Eliminate the President's Intelligence Oversight Board.*

The President should assign its functions to a standing committee of the President's Foreign Intelligence Advisory Board.

**Action:** *Consolidate training programs for unemployed people.*

Labor Secretary Reich is proposing legislative changes to consolidate programs for workers who lose their jobs, regardless of the cause. His bill would allow more funds to be used before workers lose their jobs.

**Action:** *Consolidate the Veterans' Employment and Training Service and the Food Stamp Training Program into the Employment and Training Administration.*

**Action:** *Reduce the number of Department of Education Programs from 230 to 189.*

We propose to eliminate and consolidate programs that have served their original purpose or would be more appropriately funded through non-federal sources and save money better used for other departmental priorities.

**Action:** *Eliminate the Food Safety and Inspection Service as a separate agency by consolidating all food safety responsibilities under the Food and Drug Administration.*

**Action:** *Consolidate all non-military international broadcasting under the United States Information Agency.*

**Action:** *Create a single civilian polar satellite system, requiring the Defense Department, NOAA and NASA to consolidate their programs.*

**Action:** *Transfer the functions of the Railroad Retirement Benefits Board to other agencies.*

**Action:** *Transfer law enforcement functions of the Drug Enforcement Administration and the Bureau of Alcohol, Tobacco and Firearms to the Federal Bureau of Investigation.*

The first step will be to merge DEA into the FBI. When this merger has been successfully accomplished, we will move toward merging the enforcement functions of the BATF into the FBI and merging BATF's regulatory and revenue functions into the IRS.

## CUTTING BACK TO BASICS

**Eliminate Special Interest Privileges:**

**Action:** *Eliminate federal support payments for wool and mohair.*

**Action:** *Eliminate federal price supports for honey.*

**Action:** *Rescind all unobligated contract authority and appropriations for existing highway demonstration projects.*

**Action:** *Cut Essential Air Service subsidies.*

This program guaranteed small communities air services for a decade when it was passed in 1978 after airline deregulation. Congress extended the program in 1988 for another ten years even though the program is no longer needed.

**STEP 2: COLLECTING MORE**

**G**overnment must find better, more efficient and more effective ways to pay for its activities. In this section we argue for the need to introduce or increase market-based user fees and for collecting what is due the government: back taxes, delinquent loans, accidental or fraudulent overpayment of benefits.

**Raising User Fees:**

**Action:** *Allow all agencies greater freedom in setting fees for services and in how the revenues from these fees may be used.*

**Action:** *Raise the price of federal hydropower.*

**Collecting Debt:**

If the federal government were to put a higher priority on pursuing delinquent debt the government could collect as much as an additional \$10 billion over the next five years. A strategy to make this happen would include the following elements:

**Action:** *Give agencies the flexibility to use some of the money they collect from delinquent debts to pay for further debt collection efforts, and to keep a portion of the increased collections.*

**Action:** *Eliminate restrictions that prevent federal agencies from using private collection agencies to collect debt.*

**Action:** *Authorize the Department of Justice to retain up to one percent of amounts collected through civil debt collections to cover costs.*

**Action:** *The Royalty Management Program will increase the royalty payments it collects by developing new computer programs to analyze and cross-verify data.*

**Action:** *Allow HUD to offer incentives to federally subsidized homeowners who refinance their mortgages at lower rates.*

**Eliminating Fraud:**

While many think government steals from people, the reverse is also true: people steal from government. And, unlike private companies, some government agencies aren't very good at finding and prosecuting thieves. We will change that.

**Action:** *Make it a felony to knowingly lie on an application for benefits under the Federal Employees' Compensation Act, and amend federal law so individuals convicted of fraud are ineligible for continued benefits.*

Under existing law, even if you are found to have made false statements to receive benefits, the government cannot terminate those benefits.

**Action:** *Improve processes for removing people who are no longer disabled from disability rolls.*

**Action:** *Create a clearinghouse for death information and reporting.*

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## STEP 3: INVESTING IN GREATER PRODUCTIVITY

One of the greatest obstacles to innovation in government is the absence of investment capital. The appropriations for most federal agencies last only one year, with anything left over at the end of the year disappearing. It's difficult for organizations to scrape together enough money to make even small investments in training, technology, new work processes, or program innovations.

**Action:** *Allow all agencies and departments to create innovation funds.*

Congress should authorize a two-tier system of innovation funds capitalized through retained savings from operational appropriations.

**Action:** *The government should ensure that there is no budget bias against long-term capital investments.*

## STEP 4: REENGINEER PROGRAMS TO CUT COSTS

We will reengineer the work of government agencies in two ways. First, we will expand the use of new technologies. With computers and telecommunications, we can design a customer-driven electronic government that operates in ways that, 10 years ago, the most visionary planner would never have dreamed.

Second, we will speed up the adoption of new ways to improve federal operations — better ways to develop regulations, to resolve disputes, or to go about the business of designing government programs, for example — that can cut costs and improve services.

### Electronic Government:

The history of the closing decade of this century is being written by the computer. But you wouldn't know it if you worked for many federal agencies. Government is still doing things in ways our parents would recognize. Only half of Social Security payments — 60 percent of all federal payments — are made electronically.

How do we catch up?

**Action:** *Support the rapid development of a nationwide system to deliver government benefits electronically.*

**Action:** *Federal agencies will expand their use of electronic government.*

**Action:** *Federal Agencies will develop and market data bases to business.*

**Action:** *In partnership with state and local governments and private companies, we will create a National Spatial Data Infrastructure.*

Spatial data is geophysical, environmental, land use and transportation data.

**Action:** *The Internal Revenue Service will develop a system that lets people pay taxes by credit card.*

### Reengineering to Use Cost-Cutting Tools:

There are better ways to make rules than costly and adversarial litigation.

**Action:** *Agencies will make greater use of negotiated rule making.*

**Action:** *Agencies will expand their use of alternative dispute resolution techniques.*

## Conclusion

If we follow these steps, we will move much closer to a government that costs less and works better for all of us. It will be leaner, more effective, fairer and more up-to-date. It will be a government worth what we pay for it. By eliminating what we don't need...collecting what we should collect...creating an electronic government...and reengineering programs to cut costs, we can meet our vital national objectives.



CUTTING RED TAPE

## CONCLUSION

**U**nlike many past efforts to change the government, the National Performance Review will not end with this report. We have identified what we need to do. Now, we will do it. We will change the environment in government from one that resists change to one that fosters it; from one that stifles innovation to one that encourages it; from one that creates horror stories to one that creates successes. We will cut red tape, serve our customers, empower our employees, and cut back to basics.

But it will take more than just a dedicated President, Vice President, cabinet and federal

workforce to make the vision contained in this report a reality. It will take dedicated citizens, willing to work to improve their government. It will take a willingness to demand the best service possible. It will take a commitment to hold government accountable for its operations. It will require Americans to act as citizens, as customers, and as voters in support of what they deserve: a government that works better and costs less.

With this report, we begin a journey. How far we go and where we end up will be determined by the public, the Congress, and the President. As our President has said so often, the future is ours, if we have the courage to create it.

