

Testimony of Paul A. Volcker
Chairman, National Commission on the Public Service
Subcommittee on Civil Service and Agency Reorganization
House Government Reform Committee
September 17, 2003

Chairwoman Davis, Congressman Davis, Members of the Subcommittee. Thank you for inviting me to join this distinguished group to testify on the need to reform and enhance the structure and operations of government.

As members of this Subcommittee are well aware, the National Commission on the Public Service issued its recommendations for the reform and renewal of the public service at the beginning of this year. I testified with two of my colleagues from the Commission, Secretary Donna Shalala and Secretary Frank Carlucci, before the full Government Reform Committee last March on the broad range of the Commission's recommendations. Today I would like to focus on the lead recommendation of the Commission: to bring greater rationality and cohesion to the way our government is organized.

Government Organization and Government Performance

Many people were surprised when the National Commission on the Public Service led its report with a recommendation that the federal government be reorganized around mission centered departments. Some asked why a Commission focusing on the public service - that is, the people who do the work of government - would consider the organization of government to be of greater importance. The fact is that our Commission did begin with the men and women who are responsible for making government programs work. And we quickly came to the view that we had to address the organization of government departments and how they are managed to allow these men and women to get the job done. We saw that federal public servants are constrained by their environment - and that changes in federal personnel systems will have limited impact if they are not accompanied by significant change in the operating structure of the Executive Branch.

Organizational chaos in government undermines the ability of government to meet its critical responsibilities. There is great difficulty in accomplishing national goals when program responsibility is spread across hundreds of programs in dozens of agencies, as is the case with our clean air and water programs. The examples of duplication and overlap in federal education and job training are legion. Important health and safety protections fail when responsibility for regulation is dispersed among several departments, as is the case with food safety. And on all our minds today is the challenge of meeting our national security needs. Well before the attacks of 9/11, the Hart-Rudman Commission on National Security in the 21st Century warned that redundancy and overlap among organizations and diffused lines of authority and responsibility were undermining our government's ability to keep us safe.

Principles of Organizational Cohesion

Our focus on bringing organizational cohesion to the federal government was not born of a desire to achieve a particular budget outcome or to reduce the federal workforce. Those are matters of programmatic decision. Our Commissioners - Democrats and Republicans and philosophically across the political spectrum - were bound together by their demonstrated commitment to public service and their common desire to make government work better.

We recommended that the federal government be reorganized into a limited number of mission-related Executive departments, following some basic principles:

- 1) Programs that are designed to achieve similar outcomes should be combined within one agency unless there is a compelling case for competition.
- 2) Agencies with similar or related missions should be combined in large departments that encourage cooperation, achieve economies of scale in management and facilitate responsiveness to political leadership.

- 3) These new agencies and departments should be organized so that there are as few layers as possible between the top leadership and the operating units.
- 4) Agencies should have flexibility to design organization structure and operating procedures that closely fit their missions.

Coincidental with the work of our Commission was Congress' consideration of legislation to create a Department of Homeland Security. The organizational goals behind the creation of that department, and the operating flexibility given its constituent agencies, paralleled our own thinking about the need for far reaching administrative reform. Getting the new department up and operating efficiently has been difficult, and will take time, but I believe the enhancement of capability that this reorganization should produce is potentially worth it and should be repeated across the government.

Getting the Process Started

We did not underestimate the difficulty in bringing such radical changes about. Presidents and Congresses have struggled with the organization of government since there was a government to organize. Through the 20th Century virtually every President and many Congresses tackled this issue. And both branches struggled with arguments over turf, individual interests and the appropriate separation of powers from day one. But the fact that successive national leaders and policymakers have worked hard to improve the performance of government by reforming government organization shows - in my opinion - that we are on the right track.

How and where do we begin? The Commission recognized the difficulty of formulating, let alone effectuating, major government reorganization. The reorganization of federal agencies into the Homeland Security Department was

recommended by the Hart Rudman Commission, but effectuated only as a result of the crisis of 9/11.

We concluded that the most effective method would be to reinstate a version of the reorganization authority granted to Presidents beginning in 1932. This authority was renewed in varying forms for successive Presidents through 1984, and I believe it has proved its usefulness.

For example, President Harry Truman requested that Congress renew his reorganization authority in 1949 because he saw it as the most effective means to submit the recommendations of the first Hoover Commission to the Congress. Congress granted him his request, allowing reorganization plans to be rejected by a veto by either house. During 1949 and 1950, President Truman submitted 37 reorganization plans to implement many of the recommendations of the Hoover Commission. Congress allowed 28 of these to become effective.

Our Commission's recommendations require that to be adopted a reorganization plan be affirmatively approved by a majority of each house. We suggest that the reorganization proposals submitted under this authority be considered under an expedited procedure, not subject to amendment, and given an up or down vote within 45 legislative days of submission. A proposal could be turned down by a majority vote in either chamber. Such a system allows a majority of either house to reject a reorganization plan, but would help prevent individual parochial interests or turf battles from undoing an otherwise sound solution.

The Commission recommends that the statute granting this reorganization authority include the basic framework of important employee protections, such as close adherence to merit principles, assurance of fairness, and measures of performance and related pay standards.

Issues and Answers

The underlying purpose of reorganization is a threshold issue for those debating the utility of reorganization and giving the Executive reorganization authority. There have been many, including Presidents and Members of Congress,

who have believed that the reason to reorganize was simply to save money. We do not see it that way. As I noted, the goal of our Commission was to allow government to work better, more efficiently and more effectively. Cost savings should result if existing programs could be made more efficient. But our purpose is not to determine the size of the budget. We would find ourselves more in line with President Franklin Delano Roosevelt who is said to have declared: "The reason for reorganization is good management." ⁱ

Most of the early debate over granting the President reorganization authority centered on the appropriateness of a one-house or two-house veto. Congressman Jack Brooks of Texas, a former Chairman of this Committee, was one of the critics of the legislative veto. He advocated that reorganization plans be adopted by a joint resolution of approval within a 60-day period.

In 1983, the validity of the legislative veto was struck down by the Supreme Court in *INS v. Chadha*. The *Chadha* decision effectively put this debate to rest, and the most recent reauthorization of Presidential reorganization authority in 1984 required an affirmative vote by both houses of Congress and signature by the President.

We assigned the initiating role to the President in recognition of the Executive Branch's extensive institutional knowledge and resources for bringing a comprehensive scheme together. The nature and organization of Congress and the daily demands on it would make its formulation of government-wide reorganization plans extremely difficult. However, the Commission expects that proposals advanced under this authority would be developed with the input and advice of not only Executive Branch experts, but also Congress and its committees and the affected interests in the public at large. If the knowledge and views of these parties is not taken into consideration, we cannot expect that Congress would accept the proposal on an expedited basis.

Some have suggested to us that they are concerned that reorganization authority gives too much power to the Executive, at the expense of the Congress. This was

certainly an issue in earlier reorganization acts. However, I believe that the 1983 *Chadha* requirement of an affirmative vote of both houses effectively requires that the Executive involve Congress in the development of any reorganization plan. Beyond this, the legislation could be amended to explicitly require a level of consultation with the appropriate Congressional committees as a plan is being developed. Congress required that the Department of Homeland Security consult formally with those who will be affected by the Department's new personnel systems - this might provide another means of gaining constituent input prior to a plan being submitted.

Conclusion

In conclusion, I congratulate this Subcommittee for its demonstrated interest in improving government operations and management. And I particularly appreciate your consideration of our Commission's proposals for structural revitalization of the government.

I will note that we also recommended that Congress reorganize its own committees along mission-centered lines, paralleling the reorganization of the Executive Branch. In that way Congressional responsibility for oversight will be clarified and facilitated, which seems essential to me.

ⁱ See Moe, Ronald C., Administrative Renewal, University Press of America, 2003, for this discussion and other details on the history of federal government reorganization in the U.S.