

**OPM Administrative History
Director Jim King Interview
December 6, 2000**

I began working at this organization of extraordinarily bright and articulate people and extremely helpful. My lifetime had been basically in and out of government. I left high school, I came back. When I was sixteen I went into public law. I gave up work in a steel foundry. I worked as a Field Secretary for a national fraternity. I taught school. I was an investigator of fraudulent securities, became a supervisor of investigators. I shifted and went into a field organization for the community action programs under the old poverty program. I was the Associate Commissioner of Community Action II for the State of Massachusetts. I left there to be the first Director of the city of Holyoke. I left there to be the Special Assistant to Edward M. Kennedy. I left there to be one of the directors of the Massachusetts Bay Transportation Authority—if you've ever been to Boston, you've seen the card reader they use I won the patent for along with two other guys. It was a great tribute to the guys who worked with me. One was an electrician and the other was a former bus driver. I left there and became a Special Assistant to Jimmy Carter and then went over to the National Transportation Safety Board. I then went to Harvard University and was an Associate Vice President and then became a Senior Vice President at Northeastern University and then became the Chief of Staff of John Kerrey. It was then that I came to OPM. I am now a Presidential Fellow at Trinity College in Hartford, Connecticut. So that was the progression. I say that because I am fairly familiar in the context of personnel of what it's like to want more from work. And because I came from a Mill town, and when I was born there, the mill owned everything. It wasn't exploitive thing like the coal towns in West Virginia, but the mill basically owned the town—our home, the hospital I was born in was built and operated by the mill and you paid rent. If you didn't work there, you left town. It was a benevolent group. But fortunately for us the Depression was a secondary bonus because of how cheap real estate was, and my father was eventually able to buy a duplex house. They found out my father was active in the labor movement and he was placed on a blacklist. But we owned the property and didn't have to leave.

For me, I had all these insecurities. I was always terrified—afraid of heights, the dark, but I figured "You're going to have to live with certain things and you're going to have to explain yourself." So that attracted me—it was a negative attraction to be in uniform.

But the greatest fear I had was economical insecurity. I grew up in an environment where my father's work was steady but it was cyclical. Labor disputes were very common and you'd be out of work with virtually no savings. You lived off what you could...but I never had a feeling of privation—we weren't burning the family albums so we wouldn't die of exposure or hunger. So what I did to empower myself I decided that I would change jobs...in an era when people sought federal employment—who basically took it as an entitlement. So I had a very different outlook...I followed the work and decided to form options and take the options at the end of that day to change at least every 36 months. It was a way of setting that you'll never be able to relax or sit back on your laurels. So I have a very strong work ethic and have always been very loyal to the people I work with and work for. I learned that people opened themselves to you and I have done a lot of advance work (which doesn't really show up on my profile).

So in this process I'd say, "What are your options? How do you plan it? How do you play it? How do you manage your own life?"

The other thing I was thrilled to involved with was in the effort to downsize government. I thought the government should be rearranged as far as downsizing was concerned. I didn't have a master plan. I didn't have a vendetta. All of my contact in public life had been with excellent people who worked very hard. What I found out was that there was usually somewhere between one and three percent of the workforce didn't function effectively. We would spend anywhere from 80-90% of our time dealing with that—so it came in a rude and gigantic way.

When I was very young my father was part of a volunteer labor organization. One day he took a vacation day off and he brought me along. We spent the whole day passing out literature dealing with a workman's

comp issue—a political thing. At the end of the day—and it was a long day that started at five o'clock in the morning—he said, “Well, what do you think?”

I said, “Well, I had people spitting at me, yelling at me, swearing at me, one threw a bottle at me...”

How many people do you think we met today?” I said, “Gee, four or five thousand...” And he replied, “And how many do you think did that?” I said, “Oh, eight or nine.”

He sat back and said, “Jim, one of the things you need to learn in life is whether or not you’re going to let eight or nine people out of five thousand define your self-worth and value...” I think it took me about two weeks to understand what he said. Once I understood, my life became so much easier. Focusing on the people who are trying to work in five in the morning—just understand that you’re going to have a percentage of folks who don’t have the right motives. There are a small number of people who are non-functional. I think you could spend an entire lifetime focusing on them. How can we focus on the day to day business of decent, working people and set up systems that permit them to hold everyone accountable, including themselves? Not standards that are used to assassinate people or destroy them. Set up systems who hold everyone accountable with reasonable performance standards...how do you manage toward their strengths? So with that in mind coming here for me was a real treat

I went down to Little Rock toward the end of the transition. I told them about the disaster of Carter. Penn James of course learned a lot from what we did. At that point it was a Directorship, but I insisted right then and there that it be a Special Assistant position. I think people can put entirely too much stock in a title. I don’t much care about the title unless it serves a purpose—and then I’m not willing to yield that. You take the work seriously, but not yourself. One of the issues we discussed was how do you control managed government: what do you do if you have a maverick or a rogue cabinet secretary or someone who doesn’t want to be part of the team. And we discussed the hiring policies. I said very simply, “at OPM nobody goes on the payroll unless they come through your channels. Period. They have no official status. And if you issue them a credential that says they are a government employee, and they aren’t being paid--well then, that’s illegal. And they said “Oh!” And I replied that nothing happens without OPM.

When you have something as big as a dinosaur all you have to do is catch it right in the windpipe and the rest of the body is going to fall. This is the windpipe, so catch them there, not at the tail. And so they asked, “would you sit on a panel to interview candidates for OPM Director? And I said, “Yes.” I get invited down into this hurly-burly in Washington and I meet folks who are supposed to be on the panel. There was enormous confusion—they kept changing the place, the time, the people we were to see. And then I was approached to interview for the job! I think the female contingent on the panel was four and I was the one male. And every candidate, with myself as the exception was a woman. The person running the panel was a personal friend of Hillary Clinton—and she was a very nice person. I figured, “I’ve never done this before, and now I see what it is like—I am the show-male.” I went home to my wife and said “They made me this offer...I don’t believe it’s going to happen, because when I reflect on it, I’m not the poster child for affirmative action or diversity...and this is your head of personnel. ...This was around December. There was another reception in the Governors Mansion, the President-elect was there, the Vice President-elect, but it was all very pro-forma. I went downstairs and there was all White House Staff they were announcing. They were announcing the head of the DNC and lots of other positions. I went over. I knocked on their door and said, “I don’t think you want to announce the head of your civil service in this crowd. I just wouldn’t do it— it makes it look like you are politicizing your career civil service. So I literally stepped off the stage two minutes before the President came on. And so they edited the list and I stepped down and stood right next to Mrs. Clinton. It was that close a thing. I was announced less publicly three weeks later. I took the oath of office on the sixth of April at my alma mater by Judge Smith, who was a local guy. Friends of my wife’s family. I invited a group of my old classmates and some of my old neighbors who were still alive. I just felt like that was the way to do it, rather than in Washington.

I came to Washington with an organization sheet. They were running the transition in a building in Rosslyn by Warren Burger’s son who was a political appointee.

I was immediately confronted with the Revolving Account at OPM-- where you were paid a fee for your service, as we had with the Investigations Service—and therefore it paid its way. It made up on the payroll of about 7,000 people. The difficulty was the government jargon. Now, I'm familiar with government jargon, but it was still very confusing. So I said, "Okay, how many checks are cut?" I couldn't get a clear answer, so I said, "Well then, how do you audit your books if you don't know how many people you are paying?" There was a lot of mumbo jumbo, talk about equivalency, balancing out...I made continual inquiries. They had about 200 people in the education component. In the Investigations Service, we had about 1700 investigators, most of whom were full-time. About 7,000 people were getting checks, for a total of \$60 million. Discovering the Finance thing made me realize it was all bullshit. I had smelled a rat when I first started asking the questions. They were holding accounts receivable on the positive balance side of their books. We had eight-year-old government accounts.

Now that's like being a commander in the Army.... "Okay, you just arrived—we want you to sign right here for all your equipment...of course, if you're wise you're not going to do that unless you do an inventory first. You ask, "Where's the Jeep?" "Oh, well...we lost that during Desert Storm, it was a total wreck..." You get a little suspicious about the entire list when you find these discrepancies and you get suspicious of the people who brought it to you because they said "Oh, it's *pro forma*, just sign." At that time, it's a ringer. So you have to declare time out.

This may well be the most critical thing. Well it turned out that we had a real problem. With the Education Office, I went over to the building, and there wasn't a soul in the classrooms, except people in their little fieldons with corner offices. I said, "What is this?" "Well, this is our education center." I replied, "You expect 22 people to leave work at the Department of Agriculture to leave work and come here? Why don't you just move the one instructor to their facility?" The responses I was getting were typically, "Well, this is my office...this is the way we do it in education."

I just realized this thing wasn't working. So I asked when it would work, what the plan was, and when would we get the accounts receivable back, how people were being managed, and how did this happen? Why would I as a professional manager anywhere pay a six-year roll-training fund? Because I've since closed my books with Congress—where do I find the money to pay back the debt...this year's budget? I'm going to short myself to pay for your dead horse? At some point if you're on the revolving fund you go into a deficit. And a deficit has criminal penalties.

Investigations were constantly being reorganized. What we needed was more work because we had redesignated it. Finally when I pulled it all together, I said, "I'd like a report on this." I took a look at it, and they had been reorganized in 1984 when Reagan really had the hots for running against government, they hired 184,000 new civilians! By the end of '93 we had hired 40,000. We had the normal attrition. So if you take a workforce of 2.25 million civilians and a 3% turnover, the base figures are so large that even small percentages are really substantial. It was clear that things were tightening up. We were having accelerated changes in the methodology of government purchases and the whole approach, especially in the area of defense—but it was hitting every other agency in government too. Things were starting to change. Part of it was the change in applied technology. Nobody wanted to talk about that. Your telephone and distribution and mail operations were deeply affected by the advent of email. As we considered these changes, I kept asking, "who are our customers?"

I said, "we're no longer going to be operating on a secret level. We're going to have transparency. We're going to know where we're going and why we're going there." The "Vision-Mission-Values" statement is fine, but if you talk to Welch in GE he'll tell you it's bullshit. He'll tell you he doesn't live in Washington. He doesn't meet with his board of directors 280 times a year—called Congress, in our case. His boards of directors aren't interested in pulling down his pants in public any chance they get. My board of directors operates at a different level. Therefore, if I have a vision statement, a mission statement and a values statement, that becomes the basis of my actions and it's a public document. Now if you want to fight with me on a philosophical basis that's where the fight will take place. We had everybody sign on to that.

Then I found most job descriptions had no relevance to the job. And it was one revelation after another that really started to give me cramps. But the critical ones were training and investigations. What they were

doing was "make-work." Their customer base wasn't there. They were losing money on a monthly basis at a horrendous rate. I projected that by March of the following year, we would be losing a million and a half-dollars a month. We would be \$36 million in the hole. And we would have a defunct body of which I would be held primarily and criminally responsible.

There was a professional there. A very decent man who was in charge of Investigations. He still thought in the box—"we're going to protect it." Meanwhile, I'm going over to the White House sitting in with the President's Management Council, and Gore says to me: "I want to get rid of the agency." It's the major holdup in personnel. I said, "Mr. Vice President, it has value. I'm not there to defend it and what it does, but it has real value, and if we lose it, you're going to have to reinvent an OPM and I don't think you're going to want to have to go through that bullshit in a political context. Now, it can do its job better and a lot more efficiently." He said, "Okay, let's go about it." So simultaneously, while I'm dealing with this other matter, which has my full attention--that's a slight understatement--I started also looking at the government-operating manual. It was 10,000 pages long. I want to take it on. He said, "yeah, I agree. I'd like it done in a year and a half." I called his office in November. I said it's going to happen in December—and we're taking 9,000 pages out of it. And the way we went about it was just incredible.

I said if you have some concerns, you better start articulating them

And when we go to print the Federal Register, we're going to delete the pages we don't need. And we had a long list of deleted pages. I said, "Look, let's have a ceremony. Usually, between Christmas and New Years, it's dead in Washington, why don't you come over and we'll have a 'recycling.' We'll have a recycling truck come over, we'll play some music, march out and throw the shit in the truck." Well, there were a lot of excuses about how busy the Vice President was. But I stressed that it would only take thirty minutes of his time in total and that we were just three minutes around the corner from his office—come over, do the thing, and get the credit—we're streamlining government! I said, "Okay, we're going to do it, I'll schedule it. If he has time, he can come over." I got a little group dressed up as the Spirit of '76, I got the Presidents of the Labor Unions, I got the senior managers and SES executives, plus some rank and file out of our own organization. We put the shit in a wheelbarrow and dumped it, and it was essentially an announcement that it was the end of this kind of crap. We just had to put it all back in focus.

And then I asked for something to deal with the maximum 3% non-performing people in government. What do I have to do? Because virtually everyone they wanted off the payroll could be removed even with appeals if you did every step exactly as required. If we changed anything from those rules, it was thrown out. It's like mirandizing a criminal—if you don't do everything precisely, the criminal gets released, and the policeman who tried to do the right thing stands out.

That was another area we worked on.

Christmas was approaching; the situation with Investigations was at a critical stage. And I was told, "When Devine did that he had armed guards, these are investigators, a lot of them are carrying weapons, you could get killed!"

"Yeah, but I'm not going to get killed because I treated them like garbage, so we're first going to have a discussion on this. We're going to have a town meeting, and before I got there I talked to the head of the unit and the finance head," and I said "You two will be out there. I'm going to introduce you and then I'm going to sit down. You're going to tell me what's happening—the only thing is, we're going to have a lot of other people listening who could ask questions if they wish. I don't have the answers—you do. Well after that meeting in which we said in order to get out of this mess, we're going to have to trim the organization down, and it's going to have to be substantially pruned. Their response?"

"Does that mean jobs?"

"Well, I think we may be able to..."

"Does that mean people are going to have to be taken off the payroll? Will it be a reduction in force?"

"Well, not if we can avoid it..."

I said, "How can you *not* avoid it?"

"Well...I'm...working on that now."

I said, "Okay, we're going to have another meeting in the first week of January. Same format."

Now, on the financial side...accounts receivable, all this other stuff...well, he [Associate Director for Finance] retired. I think he was going to stay there all his life. He decided it was time to go.

So I called up his deputy and said, "Coach, we've had a losing season. The alumni want a winning season. There's nothing wrong with you—stay on as athletic director, you're no longer coach." He wasn't happy, and I felt badly, because I didn't want to personally beat up on him because it wouldn't have been fair. He was just quite frankly in over his head. I chose a lady who had been there a very long time and who understood it all very, very well.

I called everyone together again in January for a fresh start. We talked about it and I said we're going to have to at least reduce by half. And I said we would try to see where we had delegated and bring that work back in. We also had field chiefs who were basically the crown princes of the organization. A large part of our organization is in the field. What I saw them as were hydraulic pumps working from the petroleum fields going on out, and they acted as the extra thrust, and they were playing with the gauges. And so I called them in and said, "Okay, we're going to reduce a number of things. First of all, I want to know who we're going to let go, who they are. I want you to develop the RIF lists. If we don't start now, the cost of separation is so high, it will ultimately push us into bankruptcy." I started using the term. It was probably the defining moment of the organization. And I did a similar thing with our friends in the training organization—but they had a lot more time. So I came back and said to them we need to start getting the severance notices them.

Within the first six, ten weeks, they couldn't get the list in. They weren't in any hurry. So, I called them and said, "Look, I just want to give you a heads up. I'm delegating this out now. You should know that I'm going to check on it every day. And they'll convey to you what I'm thinking. Thank-you."

And this is where Cushing was absolutely invaluable. He handled all the details and tracking all of this and did a tremendous job. I told him, "Mike, what I want to convey to the organization is let's say you have 30 people you have to have out by March 1st, on March 7th. I need 40. They were supposed to be self-sustaining, so the first to go is their staff. They're personal staff is going and they're going to have to move to new digs that are cheaper. We're going to relocate them within the instant area and we're going to do it on the cheap. Take all the time you need, but you better have a list ready. They better have a list ready because I have no options; we have to clean it out. And by the way the Investigations Unit does bring in money. Once they hit their equilibrium, the place we're going to pay for it is out of your organization—the operational side of it. I ensured they understood that the HR Director of Investigations Unit understood that I was not bluffing.

Here I am, Mr. Insecure about his own financial future, dealing with hundreds of people who are worried about their careers, their self-image. I said, "you've got the cigar, the vest, the big wool suit and here you are handing out the pink slips—you've become one of the dirty bastards." So I said, "Well, someone's got to do this—how can we do it in a more humane fashion?" So I reflected on my own experience, changing jobs every four years...but what do I do for someone who has nine years in, transferred, never been interviewed in their lives, because they've always been recruited. And once they were here, they had a home. They viewed it as an entitlement. I was criticized for that outlook, but I said, "have you ever been to IBM? Or the phone company? Or worked for the utilities? If you want to see an entitlement mentality, we look like a bunch of Boy Scouts! A lot of these folks have never seen the light of day. We have all sorts of dead wood in these organizations. They're related to the major stockholder or the VP of Martinis. I was incredibly resentful of that outlook. It's an institutional thing—you'll see in any institution.

So the next thing we started was grief counseling. Something died. Your job died. What are they going to be dealing with? So we brought in some psychologists and made the parallel that a member of your family was dying of cancer. In this case, you're going to live afterwards—but it's you. So we trained a couple hundred people on grief counseling. We made the point that anyone who received a RIF notice was number one: a victim. Number two: everyone was to talk to them. It wasn't contagious. And number three; I wanted it handled at the peer level. So the union was involved, everyone was involved no matter what their education level was. And there were people who were willing to do this.

And then we had to organize the outplacement. After giving people sixty days notice. But your work continues. My argument was if you're being RIF'd, tidy up your desk, prepare your resume, turn it over to somebody, and spend full-time looking for work. What we found was that once people got past anger and denial, they got a job. We placed in the ninety percentile. Because there were also people who decided to retire. They could take the separation allowance and go do something they always wanted to do.

The people with computer skills—every one of them had a job offer at the same or better, whether it was in the public or private sector. A lot of them suffered from what has been going on in the United States for a long time now, and that is kicking the hell out of government employees. So I asked, with email coming out in full force and other technological advances, why don't we do succession planning? From bottom to top and top to bottom. Because if we value everyone and we're committed to people, to not do so is monstrous. We set up a process inside that placed people in jobs within sixty days. People who didn't have a job in sixty days were those who didn't want a job. Some of them just wanted the severance. I had three GS-15's who were older workers (over 45). We kept them on the payroll because I said it's going to take them six months to find a good job. So, three and a half to four months later I asked how they were doing. And I was told, not one of them had gone to an interview and they refused to go. I asked what they were doing and was told that they were sitting around planning their appeal. So I said, "give them sixty days notice this afternoon." When they got the notice they responded, "You can't do this to me!" I said, "Do what? Your unit has disappeared and we have given you more than enough time to find work. You've refused to do anything. So now's your chance, you've got sixty days." All of them found a place to go. I found it's like undergraduate work: You give the students six months to do their term paper. When do they do it? The final two days. They didn't need six months. I still wanted to give people time to recover and recollect their psyche. But there is a point where you say, "enough is enough."

How do you make it work, how do you really make it responsive? It's like an accordion in a market place that expands and contracts. You can't have a civil service that lacks flexibility. We can contract out, and that was the way we got into the situation.

We have a vacuum. We want the contents of the bag in the vacuum. So you tell me I gotta own a vacuum. I gotta own the power source. And what about the contents of the bag? Let's work out a way the vacuum that sucks up the contents of the bag, electronically transfer it; develop a firewall so it can't be intercepted. Whatever's sucked up belongs to us and they manage that. You make it viable because then you can do business outside of government. And if we move now, they can then be a repository for all the records. The unit will have it and we'll control it again. It will be ours. The people managing it will all be on the federal payroll. So we were able to decide that about sixty people would stay. And the other 2200 would go in some form. And you can ask some management guru: how much would it have taken for the organization to stay alive in the market place? We were told about 700.

You don't want to be too cute, but you have this huge overhead operation and the 1600 people on the payroll. So you could have it immediately. But what about the overhead? We had accountants who did nothing else but service this and staff that serviced them. That's gone now. My next step was to propose letting these folks own their own company. Everyone said, "No, it's illegal, not viable." So I said, "Okay, I'll tell you what I'm going to do it, and you can call the US Marshall's and when they come through the door you can have them cuff me and take me out of here, but we're going to do it."

So we set it up, and of course the political obstacles were absolutely incredible, and the union fought it all the way. I understood where they were coming from. You hear from people who aren't necessarily in the wrong. They just have a different view. And if you're in a fixed position that isn't going to change,

they're not fighting so much for the status quo, they're fighting for what they know and what they believe in. And they don't believe certain things are going to happen. It's like the person who stands up and says, "Here I am! I'm 57 and I've never been in a hospital! I've never seen a doctor!" And then when it hits them, they're absolutely devastated. So it's the same kind of arrangement. They often act in what they perceive to be in their own interests and interests we represented.

We had Plan A and Plan B. Plan A was for me to solve. Plan B was a conglomerate of contractors who would take all the work and the investigations unit would be left out on the beach. And it would be a barren, Peruvian beach. This struggle went on for two years. But I was convinced it was the only decent thing we could do even if it was painful for people to be released to find other work.

They knew what your plan was?

They didn't believe it! If you drink that water, you're going to have dysentery. If you get dysentery you're going to have cramps and you're not going to be able to do this or that or such and such...hold on a little bit longer before you try to sell me that water. So I set up a system that made it very difficult for them to operate in their own real world. One thing that has guided me in my own life is that I never make a threat that I don't intend to fulfill. And that's why I don't threaten people. I get upset, generally at my own stupidity. I just took the attitude that if Congress wanted to change my course, they could—but there would be a full explanation of the accounts, mismanagement, what's happened, the inability of the present structure to respond to the market. We were ten days away from final approval in July 1996, I think it was, and I can recall a phone call that said "The Chairman wants to call hearings because Mr. Davis intends to block the whole thing, 26 people in his district were on the Investigations Unit and came together, and so it was a scandal, the national defense of the United States was going to be compromised. And of course we didn't want to lose them as supporters and defenders in that district. So we were up and running. Well, serendipitously, the Chairman of the Committee happened to have half of his district occupy Boyers, up in Pennsylvania. So I called the Chairman up and said Davis wants to meet, there are going to be several members of Congress present and they're going to want to stop this. And I said there's something you should really appreciate before we go much further. I hope you'll convey to the Chairman the following—and I said would you do me a favor and would you take a few notes—and write down that I've reduced the organization's size as of right now by about 30%. We have 33% fewer people on the payroll at OPM than we did when I walked in the door. And I said, not one person has lost their employment in the Boyers operation. There are 600 people up there. It is the largest employer in the region. It is the best employer in the region—the best benefits and the best pay. And when they drive out at the end of the day, half turn left and go into your district and the other half turn right and go into Mr. Davis' district. I have no choice. They want to move it to New Mexico under a contractor. The people there in Boyers I think are dedicated. They're terrific employees. I want them to maintain their work at or better the government wage rates, almost exactly the same benefits. The only thing they won't have is the longevity earned health care and the pension. But, they'll own their own corporation. By owning their own corporation they can earn the same kind of health benefits with themselves. They can make this into a paradise if they wish. It'll be larger, more efficient. But it will also save the taxpayers \$25 million a year. I reviewed the case—you'll now have as permanent and viable a business as you're ever going to have. It's really a monument to what you've done in your district. You should be well aware that this is a tribute to the people you represent.

When I got there, I couldn't believe the conversation. The good congressman from Virginia said, "Mr. Chairman, this is foolishness this is going to make Clinton look good. It makes these guys look like they're running a more efficient government and a more effective government. Good people who are our constituents and putting them in a situation that is certainly untenable. And I see no reason to make this administration look anything else but what it is. We're sitting there in the Chairman's Office and I've got John Mika sitting there. I've got three or four people there from my organization.

One of my associate directors turned to me on our way out and said, "No one would believe what went on in there." Mika said

"Director King has kept us advised, we have reviewed all the numbers, every single thing he said he was going to do was done and it was done on time. He's been totally open, he's had his employees involved from the outset."

"The employees never liked it, they were told they never had an option."

"Well, yes, let's see, I think they were told we would close the operation unless something were done. And what they had were one of two options either the one we're talking about or turning it over to contractors. If we turn it over to contractors, their wage slips."

So the Chair sat back and said, "Okay, let me reflect on it. Thank-you for coming in Director King, we'll give you a call."

Around September, they called and asked if I could take part in an announcement in the district concerning how well the contracts have gone. "Will you do it?"

I said, "I'll do whatever it takes. I gather you're asking me because it's a part of the total answer."

He said, "Yeah." I said, "Mr. Mika, I'll go anywhere you want, wherever you want. On the other hand, you understand I work for the President of the United States. I'll go and I'll speak the exact factual truth. Anything beyond that, I'll leave to those folks who want to talk about it."

I was given a newspaper clipping the other day from a Pittsburgh business journal about six weeks old talking about this particular facility. It said they are doing \$156 million worth of business, they were the largest background people in the United States. Some corporation had bought 25% of its stock. The stockholders were employees. Some sold their stock for as much as \$100,000, some at \$30,000, and some not at all.

So that's the ESOP. It's saved the taxpayers considerably more than \$25 million. Not only did it save enough to repay our losses—which we did—and we changed the form so that it would preempt those who had backgrounds that precluded them from government service. It pops out on the machine early, saving \$2000 for each investigation. We started using contractors who were in the local area where the investigations needed to take place, rather than sending one of our own investigators out. These are the kinds of things ordinary people would do if you think about how we can get the customer the fastest, best service at the lowest cost. The government process rewards incompetence and penalizes those who cut their force and streamlines it. You hear comments like, "How can I be an SES if I don't have a span of control?"

With education we sold it to USIA. They were going to buy an abandoned seminary in Maryland for their facility. Buy it! When we forced them to do a business plan, we learned that if the facility ran 90% of the time, at 100% occupancy, we would lose \$2 million a year. That's the sort of thing I was faced with. They were losing money for nine years—not making it as they had informed me when I arrived (they even told me it was paying for the furniture in my office!). We got rid of the educational program. The investigations also left. The message is clearly being sent every day that the expectations have changed. In two years, no one is to be considered for hiring if he is not computer literate. Let's start the training sessions right now. Let's give our surplus computers to high schools who are the feeder stock at the high school level, so they can graduate and then be hired by us. Let's do some real planning and succession; and let's do what we can to be decent, responsible citizens in today's market place. No one's entitled to a job, but everyone is entitled to an opportunity. And then there's the oversight issue which is probably the most political and the most internally difficult. And that was strengthening the group that would actually go in and do the investigations work as to where the abuse was going on. My attitude was, "I am never going anywhere else in the Federal Government. I don't want to gratuitously alienate anybody. I want to make it very clear, I work for the President of the United States. Unless he tells me differently, either directly or through a close surrogate, including the Vice President who I sat with on a regular basis, that's not going to carry any weight. I'm not going to do anything unreasonable. On the other hand, I want them to understand that it's serious business and they're expected to work in that context. Part of the problem was

that they weren't used to be anticipated. They weren't used to be anticipated. They were always in a kind of reactive mode.

I found out about the mismanagement of our law judges. Well, the unit leader who I loved and was paying retention bonuses to, I discovered knew about all of this for over a year and a half. The numbers are being played with. No one ever gets to be a judge. You can go from 83 to 86, but no one below 90 has ever been denied.... As a judge. It's the integrity of the system. So I called him in and I could tell his eyes were in his throat. Look, I'm not threatening you, but I'm going to tell you what's happening here. If this guy comes in this building tomorrow and goes to his desk. I'm going to have the security people take him into custody, I'm going to call the Justice Department and ask that they bring formal criminal charges against him. If he wants to leave and never come back to his desk, I'll drop it right now. If it becomes a public scandal, I can't protect him, but I will not initiate it. But I intend to initiate criminal charges. You should convey that to him. So he did. A month, two months later. His retention bonus came up for renewal—about \$25,000 a year, and I told him I couldn't give it to him this time. I told him, "for a year and a half, you knew about all of this, and you misled me. I can't trust you." He left. I don't think people were used to that kind of candor. If I'm releasing people who are at the GS-6 level, why should I treat an SES any differently? At that level your conduct is even more inappropriate. That's where the discrimination comes in. It has no relation to gender, race, socio-economic level—I think we're all in it together. And it's the standards we set. And so I often confronted those who were performing at that level who received superior ratings.

The reply I often got was "Well, I don't rate him, so-and-so rates him."

"Okay, who rates the rater?"

"I do."

"If that's the case, then you are on probation as an SES, because you're only compromising the system. I can't reach him, but I can reach you. Do you think the people who handle the mail and answer the phones don't see what's going on?"

What would be your advice to future Directors of OPM or any other large Government Agency?

First I think the Vision-Mission-Values, the review of job descriptions on a regular basis is crucial. I used to eat in the cafeteria all the time. I used to be readily available to talk to people. If they wanted to approach me, they did. I remember one discussion I had with an employee there. He said, "Director King, I didn't receive a bonus this year and I think I was treated unfairly." So I said to him, "Why should you have gotten a bonus?" He said, "I was never late for work and I wasn't drunk once on the job." I went upstairs to the staff meeting and told them about the contact, and I said, "You've really set a very high standard of performance, haven't you? Where employees think if they come in on time and they're not drunk on the job, then they're automatically entitled to a bonus. There's something wrong with the leadership in this place." So we started having real conversations about substantive issues about what our expectations were. What do you value? That's what you reward on. For example, you're dealing with the customer service. We're training people to be friendly. Well, why don't we just hire friendly people? Put that into the job description. "Oh, well...we'd lose our...diversity." *Our diversity?* Are you telling me that black people, Latino people, Asian people are not friendly? I said who do you think runs the churches, the volunteers? I said, "look around! You'll find friendly people coming out of your ears!" That's the other thing. 99% of the poor performers in the 3% category were known during the first six months. Supervisors wouldn't remove them when they had the chance. Many were moved to customer service. But we don't set our hours for our customers. We had employees who wanted flextime. These were people who never did anything at home during the workweek. They came in; they showered, shaved...why? It's not like we were dealing with the Europeans...and so they had breakfast and clean shaven, and they were bright eyed and bushy tailed at 5am...all the way through two in the afternoon. That's the sort of thing I was dealing with. So part of it was performance. We're bean counters: what is the expectation, what is your product? When someone tells me they can't count their beans, if I don't know what you do and you don't really know what you're accountable for and what your product is, you can't be managed. And if you

can't be managed, we'll miss you personally, but we won't miss what you don't do. You'd be amazed that people will come up with very good job descriptions when they understand that.

So really part of it is the leadership aspects, being creative, working with people and using what is quite frankly the genius of the people you see in there. Using their innovation and doing the right thing. And then understanding that they are human beings and they have relationships. I'll give you an example:

When I was working for Senator Kennedy, we were preparing for him to visit a town in Pennsylvania. I looked at the itinerary and there was a stop scheduled for him to visit a nursing home. I'd seen him do this before and I knew that he was always depressed for two or three hours afterwards, so I sent the itinerary back, but the nursing home visit was always on there after I had taken it off. It shows up again, so I said, "Alright, lets knock off the crap—because we're not going unless you tell me why it's on there and what you're doing." And this guy said, "It's my grandaunt, she worked in the mill down there and she's in a nursing home. She loves the Senator. If the Senator came to see her, it would make her day and I'd be a big wheel." And I said, "Well, how's your aunt doing? Is she ambulatory?" "She's doing all right, she can walk." I said, "Okay, this is what we'll do: we'll gather all the ambulatory people and the staff on the porch and we'll have some iced tea. We'll have some pictures taken and he'll thank the staff for all the wonderful work that they do." So I had a happy Senator.

I don't want to rebuke you for whatever your human frailties are, and I always respect your desire for confidentiality when it's requested. Never discuss or raise it again. You have to be candid to build trust. I want that clearly understood with everyone I work with. So, I treat them with regard and with respect. And if you do that and people understand that about you, then they feel more comfortable talking to you about their own human dimension in their organization and their own lives or someone else's life, and you can problem solve together.

One of the longest-lived things in the world is the cockroach. They've been around several million years and haven't changed substantially. Now, I don't know if they necessarily have a lot of education, do you? But what a cockroach has an instinct for is that which will hurt it. And please, we have all ways to flee. No one has ever survived a hierarchical, bureaucratic system if you don't have the basic instincts of a cockroach. So understand their instincts and have them understand that they don't have to be afraid.

OPM Administrative History
Director Janice R. Lachance Interview
December 3, 2000

Could you review your career progression through OPM leading to your Directorship?

I was hired as the Director of Communications for OPM. I was really excited about that because when I talked with Jim King about the job, it was clear he wanted communications to be a part of the policy setting process and the decisionmaking process, so it was a terrific opportunity. After a few months I was lucky enough that he gave me the policy piece as well. The Policy Director left so he decided not to replace that person on a full time basis. Our first Chief of Staff moved on to another job. Jim was very close to that person and wasn't sure where to turn and so I offered to move into that job. I think that surprised a lot of people, because around here I was known as the "Communications Maven" and not the administrator-Chief of Staff type. But I did it, and I loved it, and Jim started thinking about my next career move when the Deputy Director announced that she would be retiring. And so I was able to be nominated and be confirmed for that position, and as soon as that happened, literally a month later, Jim King announced that he was retiring—and said that I should prepare for the Director's job. I wasn't convinced that was the right thing to do. I was perfectly willing to spend the rest of the administration being his deputy, but with him gone I thought, "well, I could do this," so decided to go for it. I was literally confirmed for the Deputy's job in July and confirmed for the Director's job November 9th and sworn in by Al Gore on December 10th, 1997.

What do you feel were your most significant challenges?

There are always some big picture challenges with running an agency like OPM. It takes a while, I think, for the perceptions to catch up with reality. We made some changes very early on during the Clinton Administration to become less of a command and control agency and more of a partner with other agency HR operations. And unfortunately it takes a while for people to stop believing that you're not a barrier or an obstacle, and that you really are trying to be helpful and a consultant, and somebody who can help them achieve their missions. So that's probably been the first problem: battling the outdated perceptions. The best way to do that is to show people that that's not how you are, and to solve their problems. But that also means you are almost encouraging people to bring you their problems— which brings another challenge: to solve things that have constantly perceived as having gone wrong.

And there is a school of thought that as we are trying to create a smaller government and consolidate different functions, that OPM should be at the heart of a government management agency. I really think that is a critical mistake. We have had some significant efforts to keep that at bay, and we have been successful so far-- but it is an idea that doesn't die. It keeps coming back. I feel strongly that the civil service of this country is a fundamental part of our democracy. I cannot understate the importance of the federal personnel in an objective non-partisan federal personnel system that goes about the business of the American People on a daily basis. Our country really *does* need an agency that meets its human resources needs.

So those have really been the two major overarching challenges. There are some daily ones. You never get enough money as you like in the budget, so you have to make accommodations for that—you don't always get stakeholders to see things your way. So some of the proposals you are interested in get stymied at a very early stage.

Before I was director, I think the first challenges very early on (as part of Jim's team) was the discovery that our Revolving Fund was discovered to be severely in the red. It could not be fixed without drastic actions, and that entailed some very significant reductions in force— which as a former union official runs counter to what I have lived my life trying to protect. It was inspiring and educational to witness Jim King's courage and his strength in developing the ESOP. He pursued that really in the face of some very, very daunting odds in some opinion leaders who just felt it was the wrong way to go and didn't have any faith in it. That's one of our great success stories and we're very proud of it. And it really was his

commitment and his strength in doing the best thing for the employees given the really horrible situation we were in that brought us there. So those are some situational challenges. I think that at the end of the day, this agency is ready to meet whatever challenges come along in the future. What of what we've done to streamline it and downsize it, and redesign it to make it more focused on its core mission rather than have it scattered in so many areas that we had before.

OPM seems to have undergone something beyond reorganization during the Clinton Administration...is "Reinvention" a better descriptor?

We called it a redesign because the Vice President had taken the term reinvention but those words are interchangeable for the work ethic and on what our statutory responsibilities were, what we wanted to do, where we thought we had a role, what the different agencies could do. We made some very difficult decisions about where we wanted to dedicate our resources--human and budgetary--so it was a long transformation. But I think it's prepared this agency for whatever challenge lies ahead; and you know there's going to be a big one in the next few years--with all the federal employee retirements that will be coming up.

As Director of OPM and in your capacity as Associate Director for Communications, Chief of Staff, and Deputy Director, what have been your personal lessons learned?

There are a couple. I think the first is what I learned from Jim and the ESOP experience. If you believe you're right, if you believe your values tell you that you are right, trying to work with other people to accommodate their views. Your core values should give you the strength to pursue whatever you believe should be done.

I've become much more convinced that the people factor is the most critical factor in any equation in getting a job done. And that is where we as a government and as a nation need to spend our time in making sure that this nation's workers are prepared for challenges in the future. So that means things like continuous learning, being responsive to their family needs, being as productive as they can be on the job, making sure their benefits keep up with the changing needs of the American Family. Those are probably the biggest two lessons. And also I think, just in general, if you have created a listening organization, if you have created an organization that automatically takes into account the views of all the disparate stakeholders and opinion leaders that you work with, that you can always--*always*--find a satisfactory solution. So at times when the problems seem the thorniest or the most difficult, the fact is that if you put everyone together you can generally find a workable way of getting things done. It has to become a part of what you do. It can't be like a book you pull off the shelf when you need it. It really has to be integrated into the way you do business-- otherwise the exceptions will never make it into the system. You've really got to make it part of the way you do business.

What do you feel have been your greatest accomplishments?

The Long-Term Care Insurance Plan is huge and I'm very, very proud of it because I think it's not only meeting a need, it's anticipating needs of virtually every federal employee and member of the military. You know, you may be young and invincible now but it's only a matter of time--and with the American population living longer, we really need to think about the future, and how we're going to take care of ourselves as we grow older. And the way the legislation was passed was a very real victory for OPM on a number of fronts. First of all, it's expanded the world of people who we're allowed to offer this benefit to. We've never offered benefits to parents and parents in law, and that is in the possibility now. Showing the country that you have to take a much broader look at employees and their needs. You can't rely on the old definitions of family and what somebody's responsibilities are. The bill that was ultimately passed gave OPM a lot of flexibility. I think that is a real tribute to the people who work at this agency--because people clearly have a lot of faith in our ability to get things done. They have faith that we're not going to botch up a job that we have been handed no matter how big it is, and no matter that it is unprecedented in the world of benefits, or insurance or compensation. That piece I think was incredibly significant.

And related to that I am also very, very proud of the advances we have made in the area of FEHBP--bringing that system up to date to meet the needs of the more contemporary federal employee. Mental health and substance abuse parity, I think, is going to have an incredible impact on people. As I travel around the country that's the thing that people talk to me the most about. Because for so long people have struggled with mental health issues not only with their own, but their children's or their spouses...and often they have had to struggle privately. There was never any way to assure that people were getting the right kind of care or the care that they needed. Now they are going to have another opportunity to do that. Also, I think that I've been able to make advances in FEHBP to be more women-oriented. I think like a lot of the health care system in this country, it has been focused on benefits for men. I think we've been able to expand it to anticipate some of the needs that women have. They have to be offered the opportunity to stay in the hospital after childbirth. There will be no more same-day checkouts. Same with Mastectomies--we'll cover reconstructive surgery if you've had a Mastectomy and make sure that mammograms are covered every year. So there have been advances like that that have kept the FEHBP's status as a model health care plan. It has a lot of problems and it's going to have some significant challenges over the next several years but I think we have been able to move toward something that has been very, very significant and meaningful to people. We have also been able to apply President Clinton's Patient's Bill of Rights to it. In the face of all the agony that goes on at Capitol Hill and the newspapers: about how it being too expensive and concerns that it would be the end of the health care system, as we know it. The fact is that we have been able to do it here very quietly and we've done it here for under a dollar a month per enrollee. So it's costing the average enrollee about \$10 a year for all the protections of the Patient's Bill of Rights. These are very significant advances in that area.

And then there are a couple other arenas I am very excited about.

The expansion of family friendly policy. The ability to use sick leave to care for a seriously ill family member, I think is just a wonderful benefit for people. The idea that you don't have to choose between your paycheck or caring for somebody you love I think is great for the bottom line for any workplace. And as often as we can we use a much more expansive definition of family. Not just a legal relationship or a blood relationship. So that helps in gay and lesbian relationships, domestic partnerships. If you can show an affinity relationship to somebody, not just a legal or blood relationship, you can donate sick leave or annual leave to anyone in those kinds of affinity relationships. So that has been an important accomplishment.

The advances we have made with childcare have been tremendous. The ability to subsidize child care tuition for federal employees, particularly low-income federal employees is I think going to make such a difference in the lives of so many people--children and their parents. And then in the arena of attracting the best and brightest, the student loan repayment program. It's going to make a tremendous difference. And the creation of the Career Intern Program. We're going to bring smart young people into the government and make sure they have two years of attention and training and mentoring. It will give them an incredible leg up in their federal career or any career—you don't want to see them go, but they could. I think that this is going to make for a much more productive workforce.

And then all the great work we've done with Diversity. Raising the visibility of that issue, and letting people know that these issues aren't insurmountable and we can talk about them. That we can make headway in creating a government that looks like America. It's critical. For instance, one of the things we've done is make it easier for those with psychiatric disabilities to get a federal job. I don't think we can ever imagine the impact something like that can have on an individual's life, and it's exciting to be a part of the solution.

Comment on OPM as an unseen epicenter of our government. How has it has evolved into that role, how have you encouraged that?

When we first got here, OPM was definitely part of the problem, and what we have been able to do is shed some of those regulations, the way we did business, how we dealt with people, the regulations that caused them to have those perceptions. We really had to root around and look. I hope Jim King says one of his greatest accomplishments was getting rid of the federal personnel manual. 25,000 pages of nitpicking

direction on virtually every topic. People used it as a crutch all across this government and it really was nitpicking and stifled creativity and served as an excuse for not doing what needed to be done in an agency. But Jim just dumped it. Just dumped it right out here. I'd never forget it. He carted it over in a wheelbarrow and just dumped it in a recycling bin. It was a very symbolic day. I think it marked the end of the era where OPM was perceived as an agency that got in the way of solving the problem. We became an agency that is a partner with all the other cabinet departments, is a consultant of choice, that is more customer focused—really listening to what our customers need, not what we think they need. Listening to them, having them tell us. You have to be constantly vigilant on that score because it is so much easier to revert to the command and control role. Virtually every day you just have to be sure that you're doing things in the new OPM way. And I think where it's leading is to an agency that continues to grow in prestige. It is also leading to an agency that is a part of every agency's mission—getting the human resources function to the decisionmaking table across the government and elevating the Human Resources Management Council (HRMC) to something that is sanctioned. Tying into that is that it used to be that everyone would sit around the table and make a decision and then they'd turn to the Personnel Director and say, "Okay, go make this happen."

I think we have made a lot of progress in that area. More and more agencies now realize that a part of their planning process, that a part of any policy or restructuring decisions they make has to include the human resources factor—that you can't include them in after-the-fact. As in Communications, it's one thing to walk down the hall and hand it to the Communications Director and say, "convince the world this is the right thing to do." It's totally different from having that person in the room right from the start and saying how can we make sure that what happens here is something people will respect and think a lot of. So, you've got to change that dynamic and I think that ultimately that is where we're headed as a government and as the nation's largest employer, that OPM's importance will continue grow if we can maintain this customer-centric attitude that we now have. We really have to continue to put the customer first. We really have to continue to be a listening organization. And we need to continue to be ahead of the curve on the problems our customers are facing and on the solutions that are out there either in this building from the smart people that we have here or reaching out to the private sector. So it's an important time for OPM. And I think there are incredible opportunities if we continue to stay on this path.

What would be your advice or message to future Directors of OPM?

Respect the federal employees and the people who work at OPM. They have so much to offer and have an incredible record of accomplishment already. One of us only taps a fraction of the resources there. The other thing is to constantly reinvent this agency. It doesn't have to always be a big new organizational chart every day, but every day make decisions that keep OPM at the cutting edge of thinking in the HR area, of the compensation area, the benefits area of the customer service area. Anticipate problems and stay ahead of the game!