

**ORAL HISTORY  
STEPHEN B. DEWHURST  
DIRECTOR, OFFICE OF BUDGET AND PROGRAM ANALYSIS**

00:00:19:21 Q: Today is November 30th of the year 2000. I'm Larry Quinn with the Office of Communications at the U.S. Department of Agriculture in Washington. Today we're visiting with Stephen Dewhurst who's the Director of Office of Budget and Program Analysis.

00:00:32:23 Steve, that's a job that you've held for more than twenty years. What brought you to USDA and to the budget business?

00:00:41:02 A: Well good morning. I came to the department in the late 1960s. I was a kid out of college. In fact I had been to law school and a lawyer by education. I had served some time in the Army, and I was looking around for a job that would provide some challenges but also would help me to believe I was doing some good for the country in the process.

00:01:05:18 So I came to several federal departments. But the Department of Agriculture was very interesting because of the diversity of its programs. I came to find out which

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I did not know at the beginning that the department dealt with everything from hunger to international relations to conservation.

00:01:19;01 Those are all very interesting issues in the days of war protest and Resurrection City and all those things that were going on. So I came to work in the department. They were good enough to offer me the job. I came to work in the Secretary's office, in the budget office, as part of the Secretary's office.

00:01:41:16 I found that the numbers in the budget of course are not just numbers. They represent real people and real issues and real problems. I got to deal in one way or another with a lot of these important issues. So I stayed and I worked my way up through the system. In 1978 then Secretary Burklin (ph.) asked me to become the director of the office which I did with enthusiasm, and I have been in that position since then.

00:02:08:21 I have never tired of the issues that I get to deal with

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and frankly have been blessed with a whole series of secretaries and other policy officials in the Department who have been a pleasure to work for. So that has made the job even more interesting and rewarding. So here I am.

00:02:28:18 Q: A department the size of USDA has usually had some fairly large budgets. But it's undergone quite a considerable change in the past twenty years especially in the '90s where the downsizing and the streamlining became very apparent. That must have been a tremendous budget challenge.

00:02:47:15 A: Yeah. It has been. I think the last eight or ten years have been the most challenging that I've had in the department. I think it's important to realize that the Department of Agriculture is a huge place. It runs over 200 federal programs, all sorts of programs.

00:03:06:24 It is extremely difficult to manage from the top for any secretary or staff folks. It is diverse. It functions

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in a way that it has functioned for many years in some way stretching back to the New Deal. That is that the people of the department and the field go out to solve problems.

00:03:29:07 Their first priority has always been the delivery of programs. If you look at a lot of the legislation that guides the department's programs that legislation in effect says go out, solve that problem and tell us later what you did. That has been the department's impetus.

00:03:47:07 In fact I would argue that the department has been successful in that endeavor if you look at issues like conservation, farm programs. There've been a lot of good things done in those programs. But the world began to change in the 1980s, what I call the faith component, whereby people simply trusted federal departments and in particular the Department of Agriculture to sort of go out and do the right thing began to erode.

00:04:17:16 It began to erode for some reasons that were pretty good

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because in the process of delivering those programs whatever their merits we did not always do it in the most efficient way, in the most rational way, in the most coordinated way or in the most fair way.

00:04:35:23     So in the late 1980s and the early 1990s there began to be public exposure of some of the management problems and organizational problems and civil rights problems we were having in the department. There was in 1991 and 1992 in particular a series of articles in the Kansas City Star which won a Pulitzer Prize in which argued that the department was poorly managed from being impossible to manage and that many of its programs were ill-designed, ill-conceived, achieved the wrong results.

00:05:12:00     That was followed-up by the usual reports from the General Accounting Office and our own Inspector General's office, and some of our own reviews indicated we had these problems. The then secretary, or Secretary Madigan, the last secretary in the Bush administration, was in office when these things first happened and began

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to consider some fairly substantial ways to change the department.

00:05:37:22 After the election when the Clinton administration came in and Secretary Espy came in as their first secretary he inherited the problem, and he inherited some of what the previous secretary had done. He came as I understand it with a very direct charter from the new President to see what he could do to reform the Department of Agriculture.

00:05:56:18 That was in fact where the new secretary spent most of his time in the first year or two of his endeavors here. He took all that work. I remember a conference that he had in June of 1993 on a weekend when most of the new incoming policy officials and under secretaries and other folks and a limited number of career folks such as myself sat down in a room over in Annapolis actually and debated the future of the department--it's roles, it's responsibility, it's management in one of the most useful and interesting meetings I have ever been to.

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00:06:35:23 And out of that meeting came some proposals to reorganize the department, to streamline its operations and do some other things, all really in the name of restoring credibility of the department, both in terms of its management and in terms of its programs.

00:06:56:08 One of the realities of life was that much of the department's organization and the way it operates as I said, specified by legislation so the incoming secretary had no free hand to simply say I don't like it this way, I would like to have it some other way and have it done. He had to get the Congress to pass legislation to do it.

00:07:16:13 And given the number of opinions prevalent among folks about how to run a big organization like the department, we always knew it was going to be very difficult to get anything done. But we did send some legislation to the Hill in 1993. It was ultimately enacted by the Congress a year later after a very full-blown debate about the issue.

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00:07:39:14 One of the problems that we had was an initial feeling on the part of many that we weren't serious since the department had not done any thorough going reorganization in many years and many folks understood the political and other impediments to do it, and they didn't really believe that we were serious.

00:08:00:09 We overcame that problem by producing a whole fact book that was filled with projections and changes the new secretary wanted to put in and showed how the new department would be organized, showed where the savings would occur, what the new department would seek to do in terms of streamlining and so forth.

00:08:23:11 And we, I got to travel with Secretary Espy to, I've lost count, but many meetings where he went and saw individual senators and congressmen and we sat down and took them through the proposal and gave them chapter and verse in terms of what we intended to do. And while there was never unanimity because people had sincere differences about what they believed about the department.

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00:08:48:10 In the end the Congress passed some very significant legislation that transformed the way we're organized. We have same major mission areas in the department now again that we manage something like 200 programs through those mission areas. It was the first rationalization of our mission structure in many years and we had some streamlining targets to put in place as we implemented that reorganization.

00:09:16:06 And we set out to do that, to try to find ways operate with reduced numbers of people and reduced numbers of offices.

00:09:26:21 Q: And I believe that started with six mission areas and then through debate in Congress the seventh was added, is that correct?

00:09:32:28 A: Yeah that's correct. The, one of the most interesting aspects of the debate was just what is the federal responsibility in each of this mission areas and

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how do they relate to what we do for the public and how do they relate to each other. And so we had a fair number of debates about what the department should be doing, say in conservation or in farm supports.

00:09:56:13 But one of the most interesting debates that was had, had to do with the relationship between our marketing function and our food safety function which were housed in a single mission, had been historically in the department. And the reorganization did not necessarily propose to change that.

00:10:13:16 But there was a strong feeling in Congress and to this day there is a strong feeling that the marketing function and the food safety function are very different functions. And if only for credibility purposes need to be separate and run differently.

00:10:27:14 And so one outcome of the Congressional process was that the six mission areas we had proposed going in became seven mission areas as the legislation emerged from the

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Congress because of the strong feeling that food safety needed increased priority.

00:10:40:22     And of course the history of the last eight or ten years proves the wisdom of that thought because we've had some food safety problems and particularly with meat and poultry but with other foods in our system and the department I think has a better track record of responding to those problems under this structure than it might have had under the previous structures.

00:20:20:28     So you know it was a good idea and it was built into the legislation and we worked hard to carry it out.

00:11:06:11     Q:                    So as your transition to this seven mission area then, what kind of changes did that bring in the budget process?

00:11:15:25     A:                    Well it brought a number of changes to the budget process. In the first place we had these streamlining targets to try to hit and we had a good

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faith commitment that we would bring the department's total employment levels down, that we would in effect cover overhead by more than we'd cut field employees.

00:11:34:25 That we would achieve a number of other targets, we were committed to reducing the number of our field offices by over 1000 offices. So we had to build all those targets into budgets and provide ways of getting there so that the budgets and the department would be credible in terms of where it wanted to go.

00:11:42:21 We also had to revise the way we did budgets because we were moving away from the old largely bureau/agency oriented structure of doing budgets to a much more issue oriented structure where we were going to be compelled to produce a strategic plan. And within that plan we were going to be compelled to tell people exactly what we intended to do about issues like the food safety or forestry or (unint.) water conservation.

00:12:27:21 That puts a tremendous strain on our management

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information systems because we historically did not have management information systems that fed up the pyramid of the department to its top levels a consistent stream of information about how we were addressing those issues and intended to address them.

00:12:44:16

So we have spent an enormous amount of time in the last eight years trying to re-focus the department's budget process simultaneously on the concept of streamlining and on the concept of programmatic responsiveness to the issues of the day.

00:13:02:14

It has been a joint effort. I think I need to say that while we do the budget you cannot do the kinds of things I'm talking about if you do not have dedicated policy staff and dedication in the top ranks of the bureaucracy to deal with those things. Otherwise you get nowhere. So it has been a joint effort all these years.

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The degree to which it has succeeded is quite a credit to the folks who were so involved in trying to get it done.

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00:13:33:14 Q: Along the same time came Government Performance and Results Act. So we became much more focused towards outcomes rather than just results.

00:13:44:19 A: That's right. Same coin, sort of different sides of the coin at the same time we were streamlining and reorganizing, trying to refocus the Department's programs of course we had a government-wide effort really along the same lines. We've had to try to focus budgets. But every aspect of the way we run the department into much more of a results-oriented kind of mode.

00:14:12:06 It is not something that the department historically did very well. It is very hard to do. When you sit and think about the problems we're addressing, whether it's the welfare of farmers or the hunger problems of the poor people in our country or the conservation of natural resources, these are all extremely difficult and somewhat subjective issues.

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00:14:37:02      So to reduce those issues to quantifiable targets that somehow make the case if we do X, Y and Z through our programs we'll produce a quantifiable result which in turn will reduce hunger, improve the well-being of farmers, improve the conservation situation on our land, is extremely difficult to do in a lot of cases.

00:14:58:29      In many cases the ultimate outcome includes factors over which the government has no control. So if you get natural disasters or you get a general economy that goes one way or the other or any other number of things happen you have to be in a position to in effect change the programs to respond to those conditions.

00:15:20:23      Otherwise the programs turn out to be mis-directed and inefficient. So this is just all really difficult to do.  
I think I would say the Department's still learning a bit how to do that. There's no one around here that claims that we have fully succeeded in that area.

00:15:39:17      But the effort has been there. I think we do a whole lot

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better today if you read any of the documents we've produced, whether it's the annual report that the Secretary puts out every year, the budgets or the other things we produce, you find a whole lot more in those documents that you can understand to be the results of the work the Department does.

00:15:59:12 I think that's good. I think that's what we're paid to do is produce results. We should ultimately be held accountable for that.

00:16:06:24 Q: When you've done some of the downsizing and streamlining that's been required by the budgets that have been given the Department some of the administrative areas have been adversely affected. How are we dealing with not having as much administrative support to programs that we're counting on with the responsibilities of haven't decreased?

00:16:27:20 A: It has been a very difficult process, sort of a lesson in life I suppose. When we did the work in 1993 and 1994

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we laid out a plan, and it was a plan on paper and it just really looked good. It had all the boxes in the right places and statements as to how things would work.

00:16:48:08 But a couple things happened to us along the way. One is that the budget cuts were much deeper than we ever anticipated. We had anticipated a cut of roughly 10% in the Department's overall employment that equates to about 11,000 people over a five-year period.

00:17:07:26 If you look at the numbers as I did the other day , we actually cut about 23,000 people. More than twice the target. That was because budget cuts were deeper than we expected. It was because the Congress enacted laws. Welfare reform, 1996 Farm Bill. They also had plans like we had plans.

00:17:33:01 Their plan was that these legislative proposals would somehow simplify our life and enable us to get along with fewer people. But it turns out of course that things

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didn't fully cooperate with those visions. We've had a farm crisis in this country and we've had to run any number of additional farm programs to try to deal with it.

00:17:52:00 We've had some circumstances in other programs, conservations and so forth, which didn't quite fit the plan. So the achievement of our programs in an environment where the cuts were ever more deeper than we had anticipated has been very difficult.

00:18:07:12 Those in turn have put enormous pressure on our administrative and technological systems. One of the things we always knew in the early 1990s was that if we were going to deliver programs in a constrained environment with fewer people and less dollars to do it we'd better have better technology.

00:18:28:18 We'd better equip our folks in the field with computers that work and can talk to each other and can do the work electronically. We better have administrative systems

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that permit our agencies to hire and fire and do the personnel things they need to do and buy the equipment and so forth. That we're not so labor intensive and paper intensive because we weren't going to have the people there to do that work.

00:18:53:03 We're still working on that. The truth is that we've not gotten to a point where our employment is at a certain level. It's probably not going to go back the other way any time soon. We have probably cut our administrative areas more deeply--program people now tell me we've cut our administrative areas too deeply which is very compelling to me because program people don't usually argue for administrative staffing back. But they have seen the problem.

00:19:23:12 We have to work on that. The answer to that is the answer we always knew which is we've got to streamline these administrative systems. We need some help outside the department. To do that most of the rules in those systems are not rules the department creates. We need to

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continue to work to improve the technology we make available to all our people.

00:19:43:28 We still have some antiquated computer systems and paperwork intensive systems and that simply do not fit a modern department. No private sector corporation would run that way. It's a question of getting the resources to do it and the credibility.

00:20:03:08 The Department of Agriculture, if we were a corporation, We'd be the sixth largest corporation in the country. This is not a small deal. So when you talk about technological problems you're not talking about something you can solve with a few work stations. You're talking about a fairly massive problem that requires a major effort to solve.

00:20:24:07 Q: What happened to the institutional memory during this period where we lost a lot of--let's say 23,000 people who left the Department? Did the affect some areas worse than others?

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00:20:38:25      A: It's had an effect. It's had an effect. Another one of the interesting debates that you get into when you're in a period of downsizing is what happens to folks which, for lack of a better term I will characterize as middle-men and middle-women who have field people out there delivering programs. You've got folks at the very top. Policy officials come in the running. You've got a whole lot of folks in between.

00:21:02:18      Those folks may be accountants or budget analysts or staff people, supervisors, staff people of various kinds. One of the articles of faith in a streamlining effort is that you can reduce that middle area. The theory being it doesn't contribute directly either to the delivery of programs or to top policy management.

00:21:27:14      To some extent that's true, that's true. But those middle managers are also the glue that sort of holds the system together. They provide your institutional memory. They provide the inter-agency coordination that you

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need. They provide your quality control. They do numbers of important jobs.

00:21:52:28 One of the things that happened to the Department in the last eight or ten years was that when budgets got cut more radically than we had anticipated only when we could save the money was to get people off the roles as quickly as possible. So to some extent we had to depart from our plan and simply take the first comers. So anyone who was willing to leave we let go.

00:22:19:02 We have found out that was ill-advised in some areas because what happened is we lost the large numbers of middle managers. Now when you seek to energize an agency to carry out a complicated program you find that you just don't have the levers to pull to get it done.

00:22:37:21 I don't know that I can make a lot of fine distinctions between our agencies. I think that that is something that has happened in the forest service, in the natural resources conservation service, in the Foreign Service

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Agency in rural development. There's just not as much glue as there was there.

00:23:01:24 Now the people in the field call up the line for help from those folks and find out some of those offices are empty. So it cuts both ways. It cuts at the top when secretaries are looking for folks to call on to get things done, and it cuts at the bottom in effect when people in the field are looking for help and can't find it as easily as they used to.

00:23:20:05 That's another issue that will not be resolved in the next five minutes, but it needs to be resolved in the longer term. What is the size of the middle management component of the department?

00:23:31:00 Q: Another thing that has happened over a long period of time and still is in the progress of happening is restructuring the field offices and the centers where the customers meet the U.S. Department of Agriculture.

Comment about that and how you've seen that work in the

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last twenty years.

00:23:50:05 A: Well, yeah, it is an evolving issue. On one side you have folks who have a strong allegiance to the USDA, the centralized small office field structure that we have historically had out there. By that I mean it's a bit of an over-simplification, but in many counties--you have a USDA office in every county and in point of fact, depending on how you count offices, we might have three or four offices because we would have a farm service agency component and an RCS component and a rural development component.

00:24:27:08 Unfortunately one of the things that happened in the early 90s was a lot of publicity to the effect that the Department had 15,000 offices all over the country and that was a bad thing. You've got too many offices and you've just got the country covered with offices.

00:24:44:06 It was never really true in that sense. We had a presence in most counties. If you parsed up that

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presence you could count a number of offices. But it was one of the things that we had to do that the Secretary Espy and Secretary Glickman after him felt we had to do to restore the credibility of the Department and make the best use of resources we could in an environment where budgets were being cut.

00:25:09:26 So we've had a program to in effect create centralized service centers, to create roughly 2,500 of them throughout rural America and to provide one-stop shopping through services, through those service centers to the clientele we serve out there--farmers and land owners and rural residents.

00:25:29:01 We have in fact done that. We've closed over a thousand locations. When you boil that 15,000 offices down what you found was that we had offices in roughly 3,700 locations around the country. Now that's been boiled down to about 2,500 locations. Essentially one location in every county where we have a significant workload of rural county.

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00:25:51:04     Although we have many service centers that serve more than one county. We would have had to do it anyway because with the budget cuts we have fewer people, and we're trying to put in new technology. If you have the technology you don't need as many offices.

00:26:08:14     But to folks who criticized the Department for having so many offices when you design an office structure to fit the need I think there is some justification for having a decentralized structure of relatively small offices in rural America for all kinds of reasons. I think it would be a shame if we somehow got all of our bureaucrats into one huge building somewhere and expect the farmers and rural residents to somehow deal with that one building.

00:26:38:04     When you boil down our--what we call our county office staffing which is essentially the component that carries out farm programs we're about 10,000 people out there right now. That's three people a county. We have a kick bag of thirty or forty new programs that have been

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enacted in the last year or two in response to farm income problems and disasters.

00:27:01:06 We're expecting those three people in every county to try to carry that out. So it's a difficult challenge. We've got to find the right balance. I think we were right to cut the numbers, but I also think that there is a limit on how far we should go unless we want to simply abandon the kind of customer service we've tried to provide to rural Americans.

00:27:22:18 Q: Through your career I know you've seen things like zero-based budgeting and other budget guidance come along. Is GPRA or the results act more in tune with the times today?

00:27:36:00 A: I suppose so. I as you say have been through a number of these systems. They all have the same fundamental objectives, and there is nothing wrong with those objectives. When I came to the government there was a system called Planning, Programming and Budgeting, PPB,

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that had been established by Secretary McNamara in the Defense Department and the then Kennedy and Johnson administrations had made a decision to export that system to the domestic agencies.

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It was no accident that the first domestic agency they chose to try that system out on was the Department of Agriculture because of all these diverse programs that we have and all these social objectives we were trying to achieve. Well we've been through PPB and zero-based budgeting and management by objectives and now we have GPRA.

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Every one of those systems has at its heart an analytical process which defines in meaningful terms the results that you're trying to achieve with your programs. Those systems rise or fall on whether or not the decision-makers in the government--Presidents and Congressional chairmen and others--want to do business on that basis.

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00:28:48:09      Those systems had mixed success because at the end of the day they didn't always want to do business on that basis.

        GPRA is another effort at the same objective. I hope it succeeds. I think it's important to do. My personal qualm is that the GPRA encourages us to spend too much--more time than perhaps we should looking at the accounting side of the agenda, the theory being if the government can get it's books straight it must be doing it's job right.

00:29:26:13      I'm not sure about that premise. I'm willing to admit that we need to do a better job keeping the books. We need good financial statements, good accounting systems.

        But I think the focus of GPRA at it's heart has to be on program analysis and the kinds of economic and other program evaluation and other kinds of analysis that you need to do to focus on the results of the programs.

00:29:50:19      I just hope that that aspect doesn't get lost in the quest to somehow get the accounting records straight.

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00:29:58:09 Q: What do you see in the beginning of this new millennium in terms of the budgeting process for USDA? Is it going to go along the same trends it has? Will it continue to get smaller in terms of budget size? What do you see?

00:30:13:01 A: I guess one of the lessons I've learned in the last 30 years is I can make predictions, but they're very difficult to make and to be right. I ended the last decade in the 90s believing that the Department was still suffering to some extent from a credibility crisis and that the real issue over the next few years is whether or not there will continue to be a Department of Agriculture in anything like the form that I have seen it and worked within it for all these years.

00:30:45:24 I guess I believe that budgets will continue to be constrained. I realize we have a surplus or an estimated surplus, and that some folks believe that the existence of that surplus will enable us to put a lot of additional money into our programs and in effect recoup a lot of the

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hiring--personnel reductions we've had over time.

00:31:08:16 I don't believe that to be true. I think we sort of crossed that bridge. I think that we will be fairly lucky if we can sustain the current workforce in the current department even though we may be asked to carry out more programs or more difficult programs.

00:31:27:13 So in my mind it continues to be a question as to whether or not we can give our employees the technology and the administrative systems they need to carry out their programs and whether or not they will help us put in place information systems that let us tell the public what we're doing right now rather than two years from now.

00:31:48:26 If we can't do those things we may well not survive. If we can do those things we likely will survive and have increased responsibilities. But we probably I don't think will have anything like a significantly increased workforce to do it with.

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00:32:05:13 Q: Any special memories during this period you've been directing the budget operations for USDA? Some good, some not so good?

00:32:14:24 A: Well, the work that I do can at times be contentious. You work with a lot of very sincere people. Those people reside in the Executive branch of government and reside in the Congressional branch of government and reside in the press and reside in the public, and in many ways the budgeting process is essentially a long argument with many sides.

00:32:42:06 You hope that the outcome will be a reasonable outcome for the American people. To me the rewarding part of this job has always been that the policy people I not do work with. I've worked with eleven secretaries now of all sorts of political persuasions.

00:32:58:02 They've all been really terrific people. It's a

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privilege to work with dedicated policy people who are trying to do the right thing for the country. We have helped some of them through some very difficult times. There was one secretary who took office, not the current one, who knew very little about the Federal government, knew very little about budgeting but took office with the mandate to produce a budget in very short order. Had no idea how to do that.

00:33:34:05

So we spent a couple of days with that person and in effect gave him about a 100 questions to answer, not about budgets but about his underlying beliefs with respect to the government and policy. He answered those questions and we gave him a budget that matched his answers which is our ultimate responsibility. So I remember that as kind of an interesting time.

00:34:01:10

I remember times with Secretary Bergman when we were doing zero-based budgeting. Zero-based budgeting in the Department of Agriculture resolved itself into 800 decision units. We parsed up the Department's programs

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into 800 segments, and they were all on a computer--huge computer printout.

00:34:21:15 They were listed. The edict was that the Cabinet officer had to personally rank all of those 800 units from number one to number 800. Of course here you walk into the Cabinet officer's office and you've got this huge printout and say I'm giving this to you. Tell me when you're done what is the order here.

00:34:48:03 The issue was so what is the first priority? Should it be forestry? Or hunger? Or farm support? Then beyond that what should be two, three and four. Secretary sort of struggled with that and then handed it back to me and asked for some suggestions which we ultimately gave to him. But the look on the Secretary's face when he saw that printout is something I have kept in my mind all these years about our expectations with respect to policy officials.

00:35:25:03 So we have a little fun at times. Humor sort of saves

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the day on a lot of these issues. I just hope as a public servant that we keep some humor in our political system because it seems to me we can be awful humorless at times, and it doesn't do the public good, any good. So we just do the best we can.

00:35:50:23

Q: Thank you Stephen Dewhurst who is the Director of Budget and Program Analysis for the Department of Agriculture for being with us. I'm Larry Quinn with the Office of Communications at the U.S. Department of Agriculture in Washington.

**(END OF TAPE)**