

John k

NPR PRIORITIES

WHAT

- **Deliver great service**
 - customer service standards, measures, feedback SOTU
- **Foster partnerships and community solutions**
 - in regulatory agencies, focus on compliance not enforcement
 - let communities solve their own problems; Local Flex and CEB
 - use ADR and labor-management partnerships
- **Use reinvention to get the job done with less**
 - work across agencies to jointly deliver services
 - reengineer administrative processes like travel and procurement
 - promote competition, such as through franchising services
 - restructure agencies to put more resources on front line, less in overhead

HOW

- **Help agency leaders understand what reinvention means, its value to them, and how to do it.**
 - Blair House Papers
 - VP meeting with new agency heads
 - bureau-level strategy -- 30 agencies
 - work with SES
- **Manage for results**
 - work with OMB to create 4-year performance plans
 - create Performance-Based Organizations
 - implement Government Performance and Results Act - Sept 97
- **Communicate the tools and successes of reinvention more broadly**
 - give federal workers the tools to fix their own workplaces
 - support and spread reinvention labs
 - use the Hammer Award to recognize those that are doing it 700

NPR

House Panel's Report Details

Washington Post

1/25/93

By Stephen Barr
Washington Post Staff Writer

There has never been any doubt that waste, fraud and abuse keep the government on the defensive, with regular alerts issued by the General Accounting Office, inspectors general and special panels, such as the Reagan-era Grace Commission.

In a report scheduled for release today, the Democratic staff of the House Government Operations Committee has calculated that the federal government lost more than \$300 billion because of waste, fraud and mismanagement in recent years, with most of the losses occurring since 1988.

"Government waste has not only bilked the taxpayer of hundreds of billions of dollars, but it has created a public cynicism about government at a time when effective government is needed the most," the staff report said.

While the Democratic report may be read as partisan in nature—President George Bush is accused of "fed bashing," for example—its listing of troubled programs and agencies points up the responsibility that the Clinton administration and congressional Democrats have assumed as they attempt to "reinvent government" after 12 years of divided rule in Washington.

Congress "deserves some blame," the staff report acknowledged. "Congress has been a partner to budget cuts to agency programs that have resulted in less audit coverage and evaluation of those very programs, as well as to cuts that have hollowed out the ability of agencies to carry out their missions."

Examples abound that portray a government using unreliable systems and ineffective controls. According to the staff report:

■ In the mid-1980s, the Energy Department's inspector general set up a plan to audit the department's largest contractors every five years. Three years into the five-year plan, only 348 of an estimated 2,500 audits had been completed.

■ The Energy Department was not aware that one of its contractors lost 10,000 secret government documents.

■ The Interior Department spent \$66 million subsidizing the cost of irrigating farmlands to produce corn, barley, rice and cotton. The

COSTS OF MISMANAGEMENT

SELECTED EXAMPLES FROM FEDERAL AND CONGRESSIONAL REVIEWS

\$150 billion to \$300 billion

The 30-year price tag for careless handling of hazardous wastes at federal nuclear weapons plants.

\$94 billion

Value since 1987 of land patents handed out by the government to mining companies. Taxpayers will get no compensation for the value of the minerals mined under these federal lands.

\$30 billion

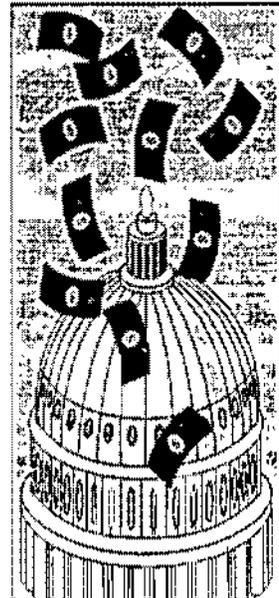
Value of unneeded and excess materials in Pentagon warehouses, including about \$21 billion in spare parts, clothing and other supplies, and \$9.4 billion in excess materials.

\$21 billion

Total amount of estimated federal health care fraud and abuse. For example, Medicare and Medicaid annually pay \$2 billion to \$3 billion in health costs that private insurers are liable for. Laboratories charge the government at least \$400 million a year more than they charge hospitals for the same tests.

\$13 billion

Amount of civil and criminal fines due the U.S. Treasury that the Office of Management and Budget estimates the Justice Department should be going after.



Source: "Managing the Federal Government: A Decade of Decline," a majority staff report to the House Committee on Government Operations.

THE WASHINGTON POST

Agriculture Department, meanwhile, paid the same farmers \$379 million to limit surplus crop production.

■ The Education Department is approving \$800,000 per day in student loans to ineligible recipients because of faulty computer systems.

■ Tribal and Indian accounts in the Bureau of Indian Affairs' \$2.1 billion trust fund are so poorly maintained that they have never been reconciled.

The staff report provides numerous, lengthy examples of procurement problems and mismanagement at the Defense, State, Health and Human Services and other departments. Some of the programs, such as the Superfund cleanup and the savings and loan bailout, have been

the subject of congressional hearings and investigations.

In addition to \$310.7 billion lost to the Treasury because of mismanagement, the report estimated that the government will lose an additional \$59.5 billion in the next few years without corrective measures.

The staff said it also identified \$14.9 billion in annual potential savings, available in the near term, if administrative or legislative changes were made. Areas where savings could be achieved included loan programs, timber sales, fishery programs, weapons procurement and health care benefit programs.

The report, based on figures from federal audits and reviews, said the actual losses and expected future losses may be understated because figures are not available in

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Wasted Billions

Washington Post

1/25/93

all areas or auditing has not been done.

The staff report, "Managing the Federal Government: A Decade of Decline," calls for a bipartisan effort to find ways to make "the proper investments in the right programs."

The Democratic staff, which reports to committee Chairman John Conyers Jr. (D-Mich.), offered a series of recommendations. They begin by urging the president to "give personal attention" to major management initiatives and for the Office of Management and Budget to establish a group of 50 management experts "to police agency operations" and help develop long-term solutions.

In the area of procurement, the staff recommends an overhaul of the regulations and paperwork requirements "that keep many competitors out of the federal market." Agencies also should be allowed to buy off-the-shelf, commercial products that meet their needs, the report said.

The government's slipshod financial management practices should receive priority attention, the staff said, beginning with a continued commitment to appointing "highly qualified" chief financial officers.

All agencies should be required, the staff said, to use appropriate and cost-effective debt collection methods. The staff recommended that agencies should examine the feasibility of eliminating guaranteed loans and returning to direct loan programs.

In keeping with past reports on public service, the staff also urged that the president and Cabinet members lead efforts to attract top quality applicants for civil service careers.

The staff suggested that the quality of political appointees could be improved by requiring the same standards and review boards that judge career Senior Executive Service employees. In addition, the staff said, the number of political appointees should be cut and more career SES members named to mid- and upper-level federal jobs.

"Without increasing the capacity of federal agencies to oversee their operations, maintain their facilities, and embark on innovative research and programs, the cost to the taxpayers will continue to be scandals of massive proportions," the Democratic staff said.

212

File:
Nat. Perf. Review

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

Route Slip

TO: Phil Lader
Bruce Reed
Paul Weinstein
Martha Foley
John Angell
Elaine Kamarck

<input type="checkbox"/>	Take Necessary Action
<input type="checkbox"/>	Approval or Signature
<input checked="" type="checkbox"/>	Comment
<input type="checkbox"/>	As requested
<input type="checkbox"/>	Discuss with Me
<input checked="" type="checkbox"/>	For Your Information
<input checked="" type="checkbox"/>	See Remarks Below

FROM:  Walter Groszyk
(395)-6824 Room 10202
FAX: (395)-6835

Date: March 22, 1993

REMARKS The attached testimony for the Director's appearance before the House Committee on Government Operations on March 23 incorporates several edits suggested by Legislative Reference and OMB management divisions.

The testimony, in part, covers H.R. 826, the companion bill to S. 20, the Government Performance and Results Act. Thus, this version also reflects the word received late last Friday from Senate Governmental Affairs staff that the Committee would delete the section requiring a joint resolution in 1997 approving full-blown implementation of S. 20. (We had sought an amendment to this section, and that amendment is now moot because there is no longer any 'sunset' section.) The Senate staff also has also agreed with the other changes that OMB had recommended.

Please provide any comments or changes by noon today.

Thank you.

D-R-A-F-T 03/19/93

STATEMENT OF
LEON E. PANETTA
DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
before the
House Committee on Government Operations
March 23, 1993

Mr. Chairman, Representative Clinger, members of the Committee. I am pleased to appear before you today to discuss two major initiatives for making our Government function better, and significantly improving the quality of the services provided to the American people. I have a brief statement, which I ask be made part of the record, and then would be happy to answer your questions.

Mr. Chairman, while I may have moved to the other end of Pennsylvania Avenue, I very much treasure the years I spent on this Hill. While it has been barely two months -- and still too early for nostalgia -- the pace of recent weeks has made my time up here among you seem far more distant than the short interval it truly is. But being at the other end of Pennsylvania Avenue has given me a new perspective, and a greater appreciation for the foresight and hard work shown by you, Mr. Chairman, and the other members of this Committee in forging legislation to bring about constructive and fundamental improvement in the way this Government operates. In particular, I wish to recognize your leadership with regard to the Chief Financial Officers Act. The CFOs Act is helping us build a foundation for greater accountability and agency reporting on program and financial

performance.

H.R. 826 Government Performance and Results Act of 1993

Let me begin with H.R. 826, the Government Performance and Results Act of 1993.

This bill consists of four major parts. The first part requires that agencies periodically develop strategic plans, with the first plans to be completed by September 30, 1997. These strategic plans serve as the starting point and basic underpinning for the setting of performance goals and measurement of performance. The fundamental purpose of the strategic plan is to guide the content of annual performance plans.

Annual performance plans (and subsequent performance reports) constitute the second major part. The performance plans consist of a set of performance goals for the agency's program activities, and the means to be used for gauging progress or accomplishment in achieving these goals. Performance goals are to be defined with sufficient precision to permit ready assessment of whether the goal is being achieved. Six months after the end of each fiscal year, agencies are to report on the actual performance achieved compared to the performance goals that were set in the plan for the fiscal year.

Let me add a point of personal concern about this part --

and, I believe, this is a concern shared by the Congress. We must be on guard that this legislation not become the salvation of the timber industry, the bureaucratic empire-builder, or those who would suffocate the effort under a blizzard of paper and process. We must neither plan nor expect to produce great volumes of plans, measures, and reports that overwhelm rather than enlighten, that obfuscate rather than inform, and which burden rather than help. While I am not all that taken with the acronym, a good slogan might be: "Keep It Short and Simple."

The third part would allow agencies to propose waivers of administrative procedural requirements and controls in return for specific individual or organizational accountability to achieve a performance goal. I will point out that agencies are not authorized, under the provisions of H.R. 826, to propose a waiver of a requirement or control established in law. Our expectation is that OMB and the agencies, will, over the course of the next several years, identify a select number of statutory requirements for which we may seek legislative authority to waive.

The fourth part requires pilot tests of performance budgeting in fiscal years 1998 and 1999. The bill defines performance budgeting as presenting "the varying levels of performance, including outcome-related performance, that would result from different budgeted amounts." In this context, performance budgeting would represent a choice based on

performance/cost optimization. With this bill, we will immediately undertake a more limited -- but very useful -- form of performance budgeting, in which the performance goals that are annually set will conform with the level of resources requested in the budget. The Congress has wisely sequenced the pilot test of a more complex form of performance budgeting until we, and the agencies, have had sufficient experience in measuring performance and determining the cost of achieving certain levels of performance.

Together, these parts present a unified scheme of planning, execution, assessment, and, where necessary, adjustment of plans and goals. The center element -- execution -- is also the central element, for it imposes a new discipline on Federal officials, one of 'minding the store', or perhaps more aptly, 'delivering the goods'. With H.R. 826, we take a major step toward making our Government accountable to the American people. More than ever, agency officials must manage for results.

This bill sets out a comprehensive agenda of action, initially with a set of pilot projects that begin in fiscal year 1994. These pilot projects subsequently lead to full-scale governmentwide implementation starting in FY 1998. The pilot projects are intended to test and demonstrate the underlying concepts that form the structure of this legislation. At the conclusion of the pilot projects, OMB and GAO will report

to Congress on the results. Congress will consider these two reports, and vote no later than September of 1997 to initiate full government-wide implementation of the bill's planning, measurement, and reporting requirements.

Mr. Chairman, this Administration wholeheartedly supports H.R. 826, and I want to thank you, Representative Clinger, and Representative McDade for introducing it. We would very much welcome any impetus that the Committee might give toward securing quick consideration by the House of this bill.

I am urging swift passage of H. R. 826 because this legislation presents us with the opportunity to bring about a very fundamental transformation in the way Government goes about doing business. With its emphasis on results, on accountability, and on actually managing programs, this bill is the foundation for much of what we seek to do as we go about the task of reinventing Government.

The Administration also asks that this Committee consider several amendments to H.R. 826, which I hope would be considered favorably by the Committee. These amendments have been discussed with Senate Committee staff and we believe they will be approved by the Committee at its markup of S. 20 tomorrow.

The first of these amendments addresses a concern we have in

Section 11, "Effective Dates and Procedures". This section requires a future Congressional vote and approval before the Government initiates certain basic management practices called for in the bill. This vote fails to recognize the inherent powers and authorities of the Executive to administer and manage Federal programs. We propose that this section be deleted in its entirety.

A second set of amendments would allow more flexibility in how alternate forms of performance goals could be defined, and in reporting actual performance against such alternate forms.

Let me turn now to the National Performance Review.

National Performance Review

Mr. Chairman, we are in week three of the National Performance Review, and before outlining the role that OMB is likely to play in that Review, I would like to describe several features of the Review, features that distinguish it from previous efforts.

First, we are relying on the vast knowledge possessed by Federal employees on what programs and activities are working and which are not, and on their suggestions for making our Government work better. Secondly, this Review is seeking support and ideas

of the American public on what changes ought to be made. Third, we are placing a special emphasis on improving the quality of Federal services to the citizens of this country. They are, after all, the ones who pay for these services. Fourth, this effort is to be bipartisan. Finally, we are determined that this review not produce just another report that is applauded, and then ignored. We intend that the Review produce a blueprint for action, with recommendations that can be acted on administratively as well as others requiring legislation.

For its part, OMB is developing plans to hold a series of review meetings during May and June -- a rejuvenated form of OMB's traditional Spring Review process when we usually consider long-term, strategic issues. The meetings will encompass the entirety of the Government, and cover either a specific agency or a cross-cutting area. The meetings will synthesize the various ideas or approaches for reform or restructuring in an agency or crosscutting area, with the objective of developing agreement on an initial list of recommendations for consideration by the Vice President. Recommendations on this list would be subsequently developed further and refined before being included in the report prepared by the Review.

Let me emphasize that this initiative will not be an in-house exercise. In that regard, let me pledge that we will do everything we can to work closely with the Committee -- and the

other committees of Congress -- in developing recommendations and addressing points of concern. We welcome and await your ideas and suggestions.

We expect that many of the recommendations produced as a result of this initiative will require either new legislation or amendments to existing law. There is much to be said for developing legislation that would work toward producing quick Congressional action on such recommendations. We look forward to working with the Committee as we define more precisely the nature of such legislation.

Mr. Chairman, this legislation could be shaped in different ways. The mechanism established in law for closing and realigning military bases is one. Using this model, a Review report containing recommendations for legislative changes would be sent to an independent commission. The commission would have a specified time to review the recommendations, conduct public hearings, and then send its report with its findings and recommendations to the President. The commission recommendations need not be the same as those formed by the Review. If the President agreed with the commission recommendations, his approval would be sent to the Congress. If the President disapproved any commission recommendation, the commission would be allowed to revise the recommendation, and obtain Presidential approval. Following Presidential approval, the recommendations

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p. 10

would then form the content of a joint resolution that would be considered by the Congress on an expedited basis.

Another alternative would be to have the Congress enact into law authority for the President to propose plans to reorganize or restructure activities and programs in the Executive Branch, similar to what every President has had from Franklin Roosevelt through Carter. Such authority could be for a fixed or indefinite period, with the President's re-organization or restructuring proposals being subject to Congressional disapproval under a 'report and wait' procedure. Under this procedure, unless the Congress acted within a specified period of time, the proposal would go into effect. Such authority would permit orderly development of reforms and improvements, rather than relying on a one-time, all-or-nothing Congressional consideration and action procedure.

A third alternative would be to establish an independent commission that would function over the longer term. Such a commission might start work in 1994 and be a follow-on to the National Performance Review. The commission would not have an explicit role in the implementation sequence for recommendations emanating from the Review. The commission could be chartered to function over a specified period, and required to develop several reports containing recommendations for reform and restructuring. These recommendations would be reviewed and acted on by the

President and the Congress on an expedited basis.

A fourth alternative would be to develop separate and specific legislative proposals to be considered by the Congress in either the traditional way, or using some manner of 'fast track' procedure.

I have outlined these alternatives to suggest that there are a number of ways we might use in fashioning an approach to securing Congressional consideration of legislative proposals for reinventing Government. My purpose in elaborating on these is to begin the discussion, a discussion that I hope we can carry on in the weeks ahead with this Committee and other appropriate committees of the Congress.

Mr. Chairman, let me conclude by expressing my appreciation for being invited to testify before your Committee today, and for the opportunity to show our very strong commitment to improving the management of this government. I would be happy to respond to your questions. Thank you.

Mr. Bruce Reed: For your "NATIONAL
PERFORMANCE REVIEW" & comment
to Al Gore.

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MAR - 8 1993

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MEMORANDUM

TO: BILL CLINTON, President
AL GORE, Vice President
LAURA D'ANDREA TYSON, Ch. Pres. Council Econ. Adv.
ROBERT E. RUBIN, Ch. National Economic Council
HILLARY RODHAM CLINTON, Advisor
GEORGE STEPHANOPOULOS, White House Commnications Dir.
ROBERT B. REICH, Secretary of Labor
RONALD H. BROWN, Secretary of Commerce
LEON E. PANETTA, Budget Director, OMB
LES ASPIN, Secretary of Defense
MARC A. WEISS, Spokesman on Housing Research
LAWRENCE SUMMERS, Treasury Undersecretary Dom. Fin.
FEDERICO PENA, Secretary of Transportation
RICHARD W. RILEY, Secretary of Education
HENRY G. CISNEROS, Secretary of HUD
TERRY DUVERNAY, Deputy Secretary of HUD
ANDREW COMO, Ass't. Secretary HUD, Comm. Plan. & Dev.
DIANNE FEINSTEIN, Senator, D-Cal.
BARBARA BOXER, Senator, D-Cal.
THOMAS S. FOLEY, Speaker of the House, D-Wa.
GEORGE MITCHELL, House Majority Leader, D-Ma.
SAM NUNN, Ch. Senate Armed Services Committee
BOB DOLE, Senate Minority Leader, R-Ka.
ALAN GREENSPAN, Ch. Federal Reserve Board
PETE WILSON, Gov. of Calif. & Council of Economic Adv.
WILLIE BROWN, Speaker of the California Assembly

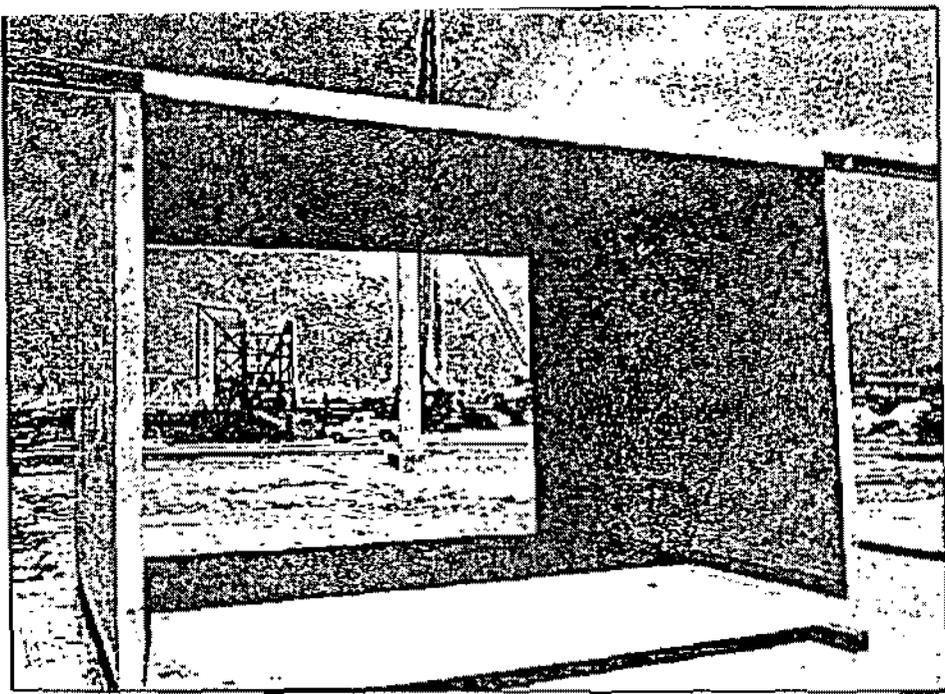
FROM: DAVID E. PHILLIPPE, Citizen

DATE: February 23, 1993 (C) 1993

SUBJECT: REBUILDING DECAYED INNER-CITIES & JOBS, A SOLUTION.
BUILDING BLOCK MODULE SYSTEM (BBMS)
"A Total Concept, Advanced Technology, Concrete, Factory
Mass-produced, Affordable Housing System."

Dear Public Servants:

HOW WOULD YOU REBUILD AMERICA? When leadership searches for real solutions for the systematic rebuilding of blighted, decayed inner cities with job creating industry and affordable housing, ONE CHOICE STANDS ALONE.



From this . . . Basic Room Size Block

The building consists of six 900-square-foot, two-bedroom, one and one-half baths, Class A concrete units. The blocks were transported from factory and erected at site, completed and ready to rent in 12 working hours, an average of two working hours per apartment. The site is located at 701 N. Rengstroff and Rock Street, Mountain View, California.

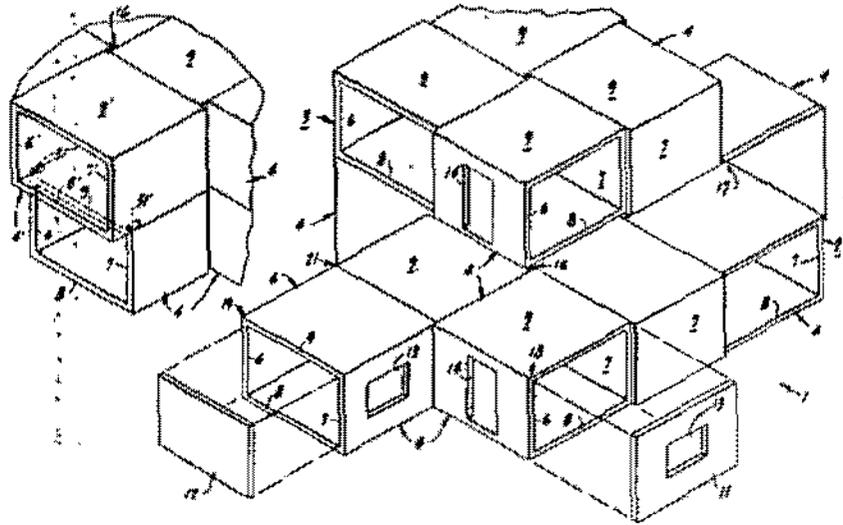
Advanced technology when applied to the construction industry can return the "American Dream" to reality for average income productive citizens . . . without government rent subsidies. The Building Block Module System was designed to effectively deploy materials, labor and capital in a cost efficient sequence to mass produce quality affordable housing. The System may be computer programmed to quickly design standardized buildings; speed the manufacturing process to 90% completion in the factory and expedite the governmental approval process. The System is adaptable to a self-contained energy system. The concept is for an ongoing program to rebuild the blighted inner cities of the nation. Cost efficient building methods benefit all Americans.

*Concepts by
Phillippe*

MANAGEMENT TREND COMPANY

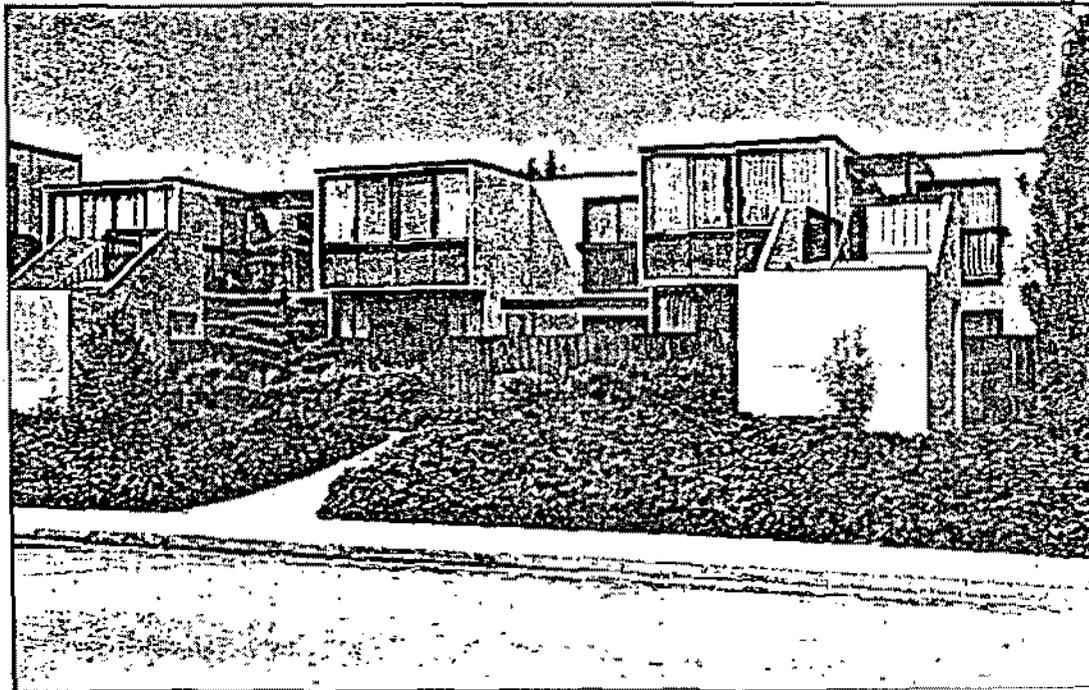
BUILDING BLOCK MODULE SYSTEM

"A Total Concept, Advanced Technology Building System"



A honeycomb design with seismic integrity for earthquake hazard areas and super structural strength for tornado/cyclone disaster areas.

To this . . . Ready to Rent 6 Unit Apartment Building IN JUST 12 WORKING HOURS!



PHOTOGRAPH BY PHOTOCOPY

BACKGROUND: A BUSINESS PLAN TO REBUILD AMERICA.

During the mid 1960's a group of successful business and professional people pooled their inventive talents, insights, creative instincts, experiences, and perspectives under a common mandate: "All political constraints swept aside, create the most effective, advanced technology housing system on the globe." The group included civil engineers, architects, inventive corporate management and financial people including Mr. T. Y. Lin, world class structural engineer and professor at U. C. Berkeley. The group was led by a pioneer in the mobile home industry and inventor of aluminum components which were widely used and manufactured in five factories across the U. S. Over a number of years many housing production methods and concepts were investigated; their merits considered and discarded as primitive. A predecessor prototype box system using a two inch concrete wall and a stacked configuration of mobile home sized modules, proved impractical. As seen on the descriptive page, the present system evolved as practical in the widest applications of residential housing with potential for flexibility and cost effectiveness when mass-produced as a repetitive production volume component on an assembly line. We did not reinvent the wheel! We did reapply the box in a format to creating homes.

During 1968 a prototype concrete building was poured in modules and erected in walk-through demonstration at a shipyard in Richmond, California. Thousands of people toured this breakthrough spectacle in building technology. In 1969, the prototype, a six apartment unit, 7,500 sq. ft. building was transported and reassembled on a permanent site in the Oakland, Ca. redevelopment district at 1114 14th Street. The building was sold to the Oakland Redevelopment Agency, administered by Joseph Sherman, Director, and paid for by HUD.

Our resourceful one-of-a-kind system was placed before HUD for consideration to be a nationally approved housing system through President Johnson's "Operation Breakthrough Program" administered under HUD Secretary George Romney, former Chairman of American Motors. The rationale was proposed, "Subsidize the expensive start-up cost of plant, equipment, infrastructure and working capital of a breakthrough, high tech, efficient mass-production housing system and once established in the market place, Congress need never subsidize this housing growth industry again." Efficient production systems would serve to produce a plentiful supply of low priced, high quality housing, contain conventional house prices and broaden the budget affordable housing index for a larger number of working Americans while establishing an enlarged national manufacturing base, new jobs and actual realized prosperity. We persisted in common sense persuasion, (The BBMS product should not be confused with manufactured wood frame or mobile home dwellings built in rural or low income areas. The mobile home type as seen at Homestead, Florida may not outlast the next hurricane. HUD favors lite wood frame dwellings with 30 to 40 year loans as good enough for the poor and underprivileged whose collateral may not outlast the loan.)

The administration registered their non-response to our serious proposal. By letter dated July 7, 1977, on behalf of Jimmy Carter, Ms. Donna E. Shalala, Assistant Secretary for Policy Development & Research HUD, states, "You know, of course, that officials of the Department have been aware of the system and have followed its development since long before the Oakland project began. The concept is good and the design flexibility is much better than that of most other concrete modular systems. The Department, however, has no program for funding your request for capital assistance. In fact, there is no

authority within the Department to initiate any action which would result in funding of plant and equipment. "

Privately HUD officials volunteered that if we could find some way to capitalize the enormous start-up costs of the BBMS project, HUD would gladly subsidize every square foot of apartments or condos we could produce for HUD's politically motivated and controlled, public money funded, never-ending public housing subsidy programs. These projects were a plum to the forest product industry, to well HUD-connected builders in the local communities and a high-profile, point-with-pride at election time for the congressman in the district. And so the Jimmy Carter mind-set was unmoved and we proceeded with our common sense business plan to Ronald Reagan's administration.

By letter dated Dec. 30, 1981, the Reagan administration recorded its status quo mind-set and non-response to producing change for inner cities. Please take note, the quality of our product and permanent nature of the solution for change have never been called into question. The problem is that HUD's long term set-in-place subsidize and squander taxpayer extracted funds by frivolous politicized elected leadership mentality has eliminated the need to consider alternative approaches toward problem solving. Each President: Johnson, Nixon, Ford, Carter, Reagan and Bush, has chosen to continue to subsidize shoddy junk built F. S. A. (Future Slums of America) while failing to understand or refusing to take action on alternative methods to recycle blighted decayed cities of our nation. The result remains to haunt us all. Now working families live in squalor with little hope of escape.

So, how long must the poor and less politically advantaged wait for leadership to evolve in Washington to develop alternative real solutions to reverse decay and rebuild America? The long wait to date has had debilitating consequences; the mismanagement is cumulative and project lasting damage on the physical and social structure of our communities.

Mr. President, to convince yourself, would you ask HUD to run for your review a cumulative cost analysis for all the subsidy money HUD has spent or has committed to spend on any of its various subsidy programs which have been in force since 1969? You may learn and it may soon become obvious from hard numbers that your predecessors have already squandered hundreds of billions of dollars, hundreds of times over the cost even today to bring benefits of efficient BBMS production to our people. . . . and you have nothing but rat infested dilapidated housing squalor to show for misguided effort over prolonged years. Would you say there is a better way. . . . a more rational common sense approach? Perhaps you would ask your advisors at The Council of Economic Advisors, at National Economic Council, at Labor, at Commerce, at OMB, at Defense, at Education, at Transportation and at HUD to do an indepth analysis of the potential of BBMS as compared to actual results of HUD since 1969. After all, since one of the big numbers causing the national debt has been identified, the brain trust might propose the alternatives. The results of the analysis should set in motion the direction for housing for the next 100 years and beyond.

Past administrations have ducked responsibility for change by saying, "Let private industry do it." Private industry housing is made up of thousands of small private builders each stuck in his own industry status quo of frame construction with lenders and governments which are guided by the status quo.

Private builders can only continue the past accepted methods accepted in the industry. Small builders are incapable of shouldering the intense risk or high capital investment necessary to effect a breakthrough from the matrix of the past into the mass-production potential of technology of the future to produce inner-city designed housing. Smaller builders make a reasonable profit catering to the small volume housing needs of mid-income to high income home town buyers, the upper 30% group, in ever expanding suburbs, while inner cities such as Los Angeles, Detroit, South Bronx, Homestead and 500 cities across the land decay from within, die and are abandoned for lack of recycled new growth geared to the specific needs to revitalize cities America.

With the demise of the banking industry, capital to rebuild America at the roots, is more scarce than ever. As an example, recently Bank of America acquired Security Pacific Bank as well as groups of other failed bank branches. In each instance, giant B of A has sold off inner city branches to small minority banks. On the surface, home town ownership of banking looks good. But from what deep pocket institutional lenders will come the megabucks necessary to change the character of the inner city community for the better. Where the large institution can sell off, they have escaped a stabilizing presence, a mandated obligation and responsibility for the future of the community. But on the other hand there is a responsibility to the depositors and stockholders. What responsible bank would willingly loan with 60 year old teardown collateral, with a community on the decline and no turnaround in sight. A prudent bank would not do it. Forget ethnicity, let's talk about sound economics. Impetus for change must come from new sources.

It seems unclear by comparison of military or space priority with priority for human benefits, where a new advanced housing technology may stand when compared to funding for Freedom Space Station or the Super-conductor, Super-Collider or a thousand military or space toys. It is a fact that a super-collision of humanity took place in South Los Angeles in 1965 followed by a repeat performance in 1992. Most would concede that absence of respectable jobs, scarcity of ethically based human respect and lack of family stabilizing, esteem building housing lie at the heart of social unrest. Do inner cities' families deserve a specific remedial rebuilding program to offset 40 years of mismanagement and misguided neglect?

How would this administration feel about instituting a high priority NATIONAL AFFORDABLE HOUSING INDUSTRY INITIATIVE FOR 1993?

Will this administration directly finance the start-up costs for assured results?

Will this administration directly finance concepts where the payback can be dramatic when measured in human terms as well as economic terms? Perhaps

the Clinton team of experienced economists, industrialists, financiers,

problem analyzers and solvers, movers and shakers will have consensus

insight and perseverance to formulate a specific business plan to rebuild

inner-city America.....insight to open up a bold new industry to:

..... set in motion the largest new U. S. industry since autos.

.....create an army of newly employed skilled and semi-skilled

Americans working with their neighbors to fill a critical

need for rejuvenation of business infrastructure.

..... restore an obtainable dream of quality affordable homes.

To this end we pledge the BBMS experience.

WHY DOES BBMS HAVE UNIQUE CHARACTERISTICS FOR PROBLEM SOLVING?

Because:

1. BBMS creates a new-concept basic concrete box building component. A nail, a 2 X 4 stud, a sheet of drywall or plywood are all basic building components which are laborously assembled at a building site and transformed into a building. BBMS has found a way to efficiently create a formed, room-sized single piece concrete box as the new standard for basic building component, all in one fast factory mass-produced operation.

2. Each formed concrete block contains its own structural strength. Each building block when erected in place complements the structural strength of adjoining blocks to form a super-strength indestructible honeycomb, . . . well suited to the hazards of inner city life.

3. The System is:

Fireproof concrete to Rebuild L. A.

Suitable for mid-rise residential to Rebuild South Bronx.

When set on a base-isolation system foundation is

Earthquake safe.

Hurricane, Tornado or Cyclone safe for Kansas or Arkansas.

4. This unique versatile concrete box with panel supplement system is capable of producing an endless array of floor plans and styles of condos/ apartments, residential, care and retirement homes, hotel/motels and more. Practical configurations range from single story to mid-rise. A single block could be designed to produce a farm laborer's home with kitchen and bath; an in-law retirement home for the back yard or an In-N-Out Burger franchise for

Tijuana or Calexico, all factory finished, ready for service. What architectural style do you want? Early American, Colonial, Mediterranean, Tudor, Spanish, Moorish, Gothic, Contemporary, Modern? Your choice! With its unique forming characteristics, BBMS can produce it in any style with housing that will last through the ages.

5. BBMS may be the only system capable to affordably recaste cities rebuilding residential and community services along new metro-line routes.

6. Concrete lends itself to use recyclable city waste to be blended into mix as a building material; paper, polymers, etc. Addition of concrete admixtures such as pyrament ensure accelerated strength.

7. Forests of the nation no longer need be destroyed to make building materials. BBMS is environmentally desirable because it provides an ongoing market for recyclables and avoids the need for forest devastation.

DEFINING THE BBMS TARGET MARKET: The California Assn. of Realtors reported that the California affordability index now stands at 30%, up from 25% in 1991. That means that 30% of potential home buyers can afford to buy and conventionally finance the states median-priced home in today's very favorable mortgage market. What happens to the other 70%? The 70% group now pay 35% to 50% of their income to rent a hovel. These unfortunates have become human fodder for plunder by slumlords. BBMS seeks to target a housing product to those not presently well served by the market place. ergo, BBMS has the potential to become the largest new industry in America as it whittles into a 70% potential untapped ownership market. There is no great mystery about it. As a BBMS form becomes more efficient to produce two castings, then

three and four in the same workshift, the per unit cost comes down. Conventional housing lacks this potential. As our premiere product becomes available in a city, buyers will move up from HUD and other decrepit obsolete dwellings. These can be recycled for use by the homeless at reduced rent.

THE PRIMARY PRODUCTS: The primary products are conventional residential housing units consisting of efficiencies one, two, and three bedroom units sized to the market. Typically, a complex will range from 100 to more than 1000 units. Land plans are generally loose density garden type with adjacent parking. Building configurations can provide mid-rise buildings to parallel commute transportation lines. Each complex would include recreational facilities to the extent practical which might include recreation room/exercise room, pool, sauna, jacuzzi, tennis and sports courts, etc. Complexes, where possible, will be designed with day care-early childhood learning centers during the day which can be converted for adult use in the evening. With a highly trained staff, the security of the well built BBMS community could be the ideal setting for the Head Start program in an inner city.

RECYCLING CITIES FOR RECLAIMED TAX BASE: By systematically clearing and reclaiming land in decayed communities, then rebuilding with BBMS planned residential complexes, the decayed property and school tax base would be replenished in demand areas where the tax base has virtually disappeared.

BBMS IS THE DELIVERY VEHICLE FOR THE NEW ENERGY SYSTEM: BBMS is the vehicle for the delivery of advanced energy systems to the American public. Today, large conventional builders count annual production in hundred of units,

occasionally into the thousands. Few builders are motivated to risk bucking existing construction methods or the use of the power and gas company as sources of energy. BBMS due to its high annual production from each plant, is the ideal vehicle for the introduction of more efficient forms of energy applications or combinations of advanced hybrid systems. Photovoltaic Solar, hydrogen, fuel cell applications all show great promise. BBMS represents the best nearterm breakout from entrenched energy use to deliver new energy systems.

BBMS IS THE NEW PRODUCTION INTRODUCER OF NEW IMPROVED PRODUCTS:

BBMS may serve as a national introduction vehicle for pending new technology. For instance, Smart House wiring has been under R&D by the National Association of Home Builders. The system is too expensive when applied to limited scale production. With mass-market production introduction, BBMS may become the vehicle of choice for bringing significant new technology to the market place at low cost prices. Where a complete Smart House System can cost up to \$140,000, individual products of X-10 Company can cost as little as \$13.

EACH BBMS FACTORY SERVES A STRATEGIC MARKET AREA:

BBMS is designed to best serve strategic market areas within transportation distance from each factory. The system lends itself to multiple factories each serving its own home market. Propagation of the system will likely take place through a franchise network of builders who would draw a repository of invention, innovation, design/engineering and patented equipment invented by central management team skills and accumulated knowhow from computer data base which is constantly upgraded.

GLOBALLY ADAPTABLE SYSTEM:

The BBMS system would be made available

globally with modification to adjust to the needs and customs of various cultures.

SATELLITE COMPONENT FACTORIES SERVE THE CENTRAL FACTORY:

Each BBMS systems factory will generate a host of satellite housing component and accessory factories which will support the parent factory "just in time" delivery of parts and support products.

BBMS IS THE ENGINE OF NEW COMMERCE: BBMS is acknowledged to be one of the few available engines of new industry to offset some of the defense jobs which are forever lost to the California economic base. Jobs are created not only from the BBMS assembly line and infrastructural support but also from the hundreds of small businesses which are likely to spring to life in production of factory support components. A new international demand original industry looms on the horizon and it's American. Possibly BBMS will return more bang for the buck of public funds invested in continuing revolving economic benefit. With good fortune, immediate social public payback benefit should extend to generations to come.

HOW WOULD THE CLINTON ADMINISTRATION REBUILD AMERICA?

THE SOLUTION:

1. Create a mandate and treaty of action with the business plan and solution of BBMS.
2. Designate the Long Beach Naval Station and the Tustin Marine Corp. Air Station (California) by executive order as surplus military bases and allocated as BBMS factory base and advanced housing technology staging area.

3. These two sites and subsequent sites selected in the future for housing factories and housing components support industry shall be designated as:

- (a) Enterprise zones.
- (b) International free trade zones, and
- (c) Bank zones: Monetary free exchange and merchant banking zones for Housing Industry Bank.

4. By legislation of the U. S. Congress, the amount of \$1 billion is granted to BBMS for the purpose of:

- (a) Designing a BBMS, total concept, advanced technology, concrete mass-produced, affordable housing factory.
- (b) Updating BBMS research & development to current technical standards and build prototype test structures.
- (c) Build the BBMS designed factory (with characteristics similar to an auto assembly plant.)
- (d) Invent, upgrade, redesign specialty forming equipment with mechanical and electronic support equipment to facilitate mass-production.
- (e) Invent, upgrade, redesign BBMS housing transportation system.
- (f) Identify, purchase and process for development 100 or more high density building sites throughout the market area to be served by the Long Beach factory. The Southern California area drawing a line from Santa Barbara to Bakersfield to Palm Springs through San Diego to Tijuana is the approximate market area. Each community site would have a capacity to accept from 200 dwelling units up to

more than 1,000 units. Where land is to be cleared and recycled, BBMS would cooperate with such agencies as Community Redevelopment Agency (CRA) in acquiring and engineering land for use.

- (g) Just-in-time housing supplier: To efficiently conserve capital, each site will be land planned and off-site improvements installed. However, the project, whether 100 units or 1,000 units will be built-out in phases to parallel sales or rental absorption. Phase I may consist of condominium sales or rental unit models with only a few units of standing inventory. The factory will maintain a computerized log of market absorption and unit demand analysis. Weekly condo sales or rentals at each site will be monitored. Manufacturing of sold or rented units will closely parallel sales or rental results at each community. Since the factory will be capable of delivering finished homes to site, ready for occupancy in 30 to 45 day time frames, customer move-in dates can be timely scheduled. The BBMS method eliminates the necessity of large tracts of standing vacant inventory and shortens the time frame between manufactured product and occupancy.
- (h) As a social dividend, the BBMS method should free up thousands of obsolete aging homes to satisfy the need of the homeless at diversified locations.
- (i) Hiring and training a factory management and employee team commensurate with the foregoing mandate from Congress. The factory will maintain an ongoing youth apprenticeship program to move promising young talent through a comprehensive federally sponsored training program.

(j) Structuring and providing initial financing for the International Franchise Plan. The Long Beach/Tustin facility will be utilized as an international staging area to clone factory management teams to serve both United States based and overseas based prospective franchisees of the BBMS housing system. The Long Beach/Tustin home base factory is intended to serve as a point of technology transfer for those business interests who would reconstitute the system to the benefit of people in their corner of the globe. The system shows promise as an engine of industry to generate enormous export trade as BBMS patented equipment serves as the source to equip factories overseas. The pressure to supply housing is acute in major metropolitan cities globally from Tokyo, Calcutta, Moscow, Singapore, Nairobi, to Canton, China, and beyond.....never-ending. With slight modification to adjust for cultural differences, the system works globally. Indeed, we can beat our swords into plowshares and do it with an "ALL AMERICAN PLAN OF ACTION."

5. WORKING CAPITAL GRANT: Twenty-four months from initial funding of grant, Congress shall enact legislation and fund a follow-on grant for working capital in the sum of one billion dollars (\$1billion) to continue the BBMS project into full production.

6. REVOLVING FUND FINANCIAL COMMITMENT: The BBMS Global Bank will be formed in the free banking zone and be empowered by

Congress to carry forward the banking, merchant banking, and financing obligations of the project. The private bank is to be empowered to:

- (a) serve as repository for BBMS companys' funds
- (b) develop a revolving line of credit to the treasury in an amount of up to \$10 billion to fund the ongoing housing production and assist the financing of franchisees' start-up operation.
- (c) issue tax exempt rental housing bonds.
- (d) issue secondary pooled mortgage certificates on sold homes, with full "agency" status similar to Federal National Mortgage Assoc. (FNMA) securities.
- (e) issue or trade in securities and foreign legal tender for the benefit of overseas franchisees.
- (f) issue bonds, commercial paper and other securities denominated in any currency permitted for trading regionally or globally.
- (g) such other financial and monetary endeavor as is necessary or convenient to carry forward the ongoing standardized production objectives of the BBMS system.

7. COORDINATED THROUGH BROAD BASED GOVERNMENT COOPERATION:

Since BBMS is a broad based business plan to rebuild the housing infrastructure of the 70% of America and globally, cooperation with several agencies is desirable. Labor, Commerce, Education, HUD, Defense(DARPA), the Treasury, and more all seem to be involved in one aspect or another in the BBMS Plan. To expedite efficiency, perhaps an action group could be drawn from the involved

agencies with mandate to identify and propose appropriate use of each agency's resources in the furtherance of the BBMS Plan. With effective use of available departmental resources, the benefits of the BBMS Plan should benefit globally.

"FIND A NEED AND FILL IT" is the underlying premise for business-government cooperative success.

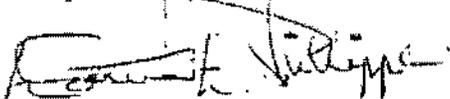
Solutions to social problems can be remarkably simple in relation to the perceived intensity of the problem. The public is receptive to planned solutions. Leadership is the issue. To solve the problem, leadership management must first acknowledge the characteristics of the housing problem, then make a political philosophical and financial commitment with resolve to implement prompt solution regardless of initial cost. Leadership must accept and implement a specific defined remedial business plan. Fortunately, as it relates to inner city rebirth, the insight and technology for action has already been assembled, tested, and has been standing at the bedside of the near-terminal awaiting only the executive order to resuscitate the patient. In the case of BBMS, only relatively modest new engineering and intelligence needs to be added to the already workable system to put the system once again at the cutting edge of the future.

I have gone to some length to share insight accumulated over a lifetime, to reexamine steps of the advanced housing creation and delivery system and explore improvements, efficiencies and new methods to be factored into the cycle for the future. Housing as it presently exists is in a government mandated rut, controlled under a hodgepodge of local, state, and federal laws, rules,

regulations, ordinances, city council fiefdoms and satellite lobbyists, homeowners no growth attitudes of 'we got ours, you the newcomer, stay out'. Housing, if it is to be delivered across the board without discrimination and pay-off to responsible working people, is ripe for top-to-bottom overhaul. A new delivery system must be structured after comprehensive management analysis. A new product must be timely delivered to fit the 'need model' which is structurally safe, sound, flexible, affordable, and available. A new standard of excellence and urgency must be impressed upon each department and agency. The solution has been designed; the system awaits administration leadership action to move into a problem solving, people 'must win' mode.

Need driven new industry and real product producing jobs are the cure for the economic ills and budget deficits of America. Isn't it time to arrange national priorities and make prudent capital investment to WORK SMART for CHANGE? In Tokyo, the mandate of government to directly finance important new industry for the economic benefit of the people is understood and practiced as central to prosperity. Japanese politicians are quite perceptive when they finance private core industry to produce high demand products, create domestic jobs, and dominate chosen export markets. Can we do less? Americans deserve bold, competitive, performance.

Respectfully Submitted,



David E. Phillippe

"Wealth Creating Concepts by Phillippe"



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

ASSISTANT SECRETARY FOR
POLICY DEVELOPMENT AND RESEARCH

JUL 7 1977

IN REPLY REFER TO

Mr. David E. Phillippe
Management Trend Company
1801 Avenue of the Stars
Suite 633
Los Angeles, California 90067

Dear Mr. Phillippe:

This is in further response to your letter of June 10, 1977, addressed to Secretary Harris, which included a copy of Mr. Hansen's June 9, 1977, letter to the President and the HBMI brochures.

You know, of course, that officials of the Department have been aware of the system and have followed its development since long before the Oakland project began. The concept is good and the design flexibility is much better than that of most other concrete modular systems.

The Department, however, has no program for funding your request for capital assistance. In fact, there is no authority within the Department to initiate any action which would result in the funding of plant and equipment. That authority rests with the Small Business Administration and the Economic Development Administration.

We do appreciate your efforts over the years to bring your system to the marketplace, and we hope that you will be able to obtain the necessary financing without benefit of a HUD grant.

Sincerely,

Donna E. Shalala



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

DEC 20 1981

Mr. David E. Phillippe
President
Management Trend Company
5855 Topange Canyon Boulevard, Suite 360
Woodland Hills, California 91367

Dear Mr. Phillippe:

The President asked me to respond to your letter of October 6, 1981. Your description of the current status of the housing industry is accurate. A prolonged period of record high interest rates has affected the interest sensitive housing industry more severely than many other sectors of the economy during this current economic downturn. The Administration's response is two-fold: the pursuit of long-term, economic growth without inflation and the adoption of a number of tax and regulatory measures aimed specifically at the housing industry.

The Reagan Administration's Economic Recovery Program is designed to reduce the high interest rates that have produced the current decline in housing by addressing the major long-term problems of our nation's economy:

- runaway inflation;
- excessive regulation;
- tax burdens that have diminished incentives to work, produce, save, and invest;
- uncontrolled growth of the Federal budget; and
- severe pressures on credit markets created by high budget deficits and excessive Federal borrowing, especially Federally guaranteed loans.

The Administration's program is a major departure from past policies that attempted to apply a quick fix to economic problems and in so doing only made the problems worse. Instead, the Administration's program is based on the belief that Government economic policy must again become reliable and consistent if the problems of inflation and high interest rates are to be truly solved.

Although both the Administration and the housing industry realize that a reduction in interest rates is the most important action that can be taken to help housing, the Administration has taken several actions, consistent with its long-term goals, that will help the industry weather this difficult period. These actions include changes in policies and programs in each of the various segments of the housing industry and will:

- reduce regulatory barriers to alternative financing methods;
- increase funds available for mortgage lending;
- provide greater incentives for the construction of housing, particularly rental housing; and
- reduce the construction costs of housing.

Thus, the Administration is doing much more than just cutting the overall budget; it is also redirecting the budget towards:

- helping the dependent poor that truly need assistance;
- building a strong national defense; and
- performing other functions, such as Treasury and judicial functions, that can only be performed by the Federal Government.

Given the importance of reducing the overall level of Federal spending, I am sure you can understand why the Federal Government cannot begin a major research, development, demonstration, and production program in innovative housing systems, despite the attractiveness of your proposal. However, I believe your ideas make a lot of sense and I am sure you will be able to find support for them in the private sector.

Sincerely,



Annelise Anderson
Associate Director for
Economics and Government

HEERY
&
HEERY
ARCHITECTS-ENGINEERS

Atlanta
October 18, 1971

Mr. George Klett, AIA
Building Block Investment Group
912 South Tenth Street
Richmond, California 94804

Dear George:

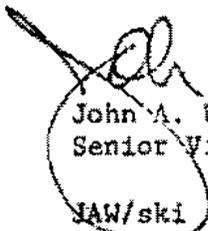
In response to your telephone call earlier this month and our discussion during our recent visit to your Mountain View project, we are most happy to confirm with this letter our great interest in the modular products of your company.

As you know, we have investigated approximately fifty companies in the United States and find your product to be one of the most thoroughly thought out and flexible systems available to the architect from the modular manufacturing field. We hope that you and your company will make a positive effort to become one of the major manufacturers involved in the Air Force Industrial Program, as we believe that this can be a vehicle to make modular housing an important part of the construction industry.

Many thanks for the hospitality which you, Hank, Jr., and Dean extended to us during our visit, and many thanks for the assistance you have given us in providing detailed data on your product.

Yours very truly,

HEERY & HEERY

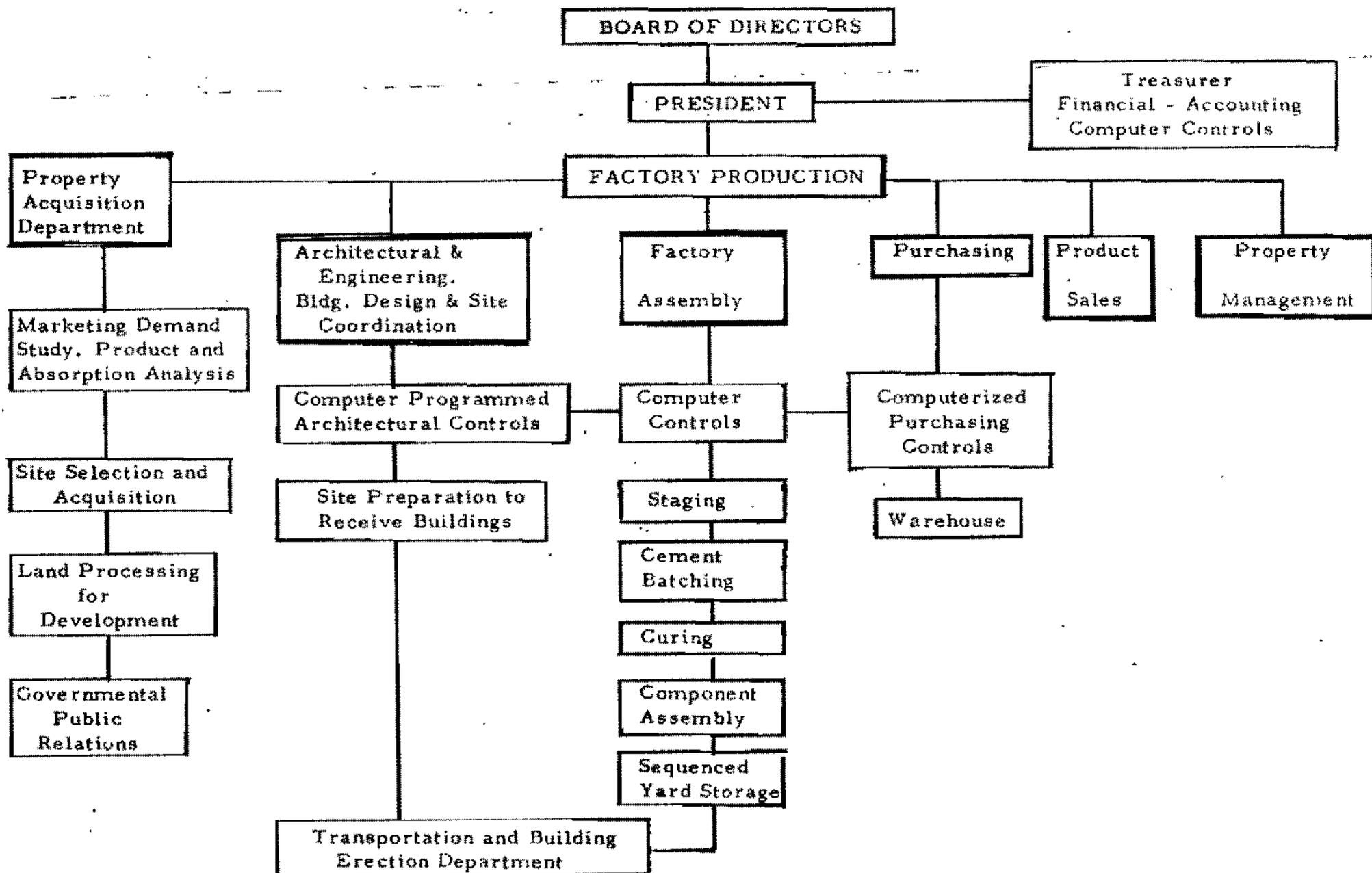

John A. Wurz
Senior Vice President

JAW/ski

C. Wilmer Heery AIA
George T. Heery AIA
Louis N. Malcoff AIA
Walter L. Ferguson AIA
John A. Wurz AIA
F. William Mather AIA
Victor L. Cohen
Lauren H. Gullis-Smith AIA
H. Ehon Thompson AIA
Rayford L. Newman AIA
James M. Hayes

J. W. Austin, Jr. PE
R. D. Yehoujian, PE
G. R. Carr, Jr. PE
Charles I. Owen, PE
Marcus W. Videl, PE
Allen F. Mason, PE
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Jack R. Brown AIA

**BUILDING BLOCK FACTORY
INTEGRATED OPERATION
TYPICAL FRANCHISE ORGANIZATIONAL CHART**



METRO NEWS

Sharp Rise in Overcrowded Housing Found

■ **Study:** Soaring costs during 1980s forced more L.A. residents to band together in rentals, USC analysis finds. Officials believe conditions add to crime and health problems.

By SONIA NAZARIO
TIMES URBAN AFFAIRS WRITER

Housing conditions in the city of Los Angeles worsened substantially in the 1980s as residents were forced to pay an increasing percentage of their income for rent and the proportion of people living in severely overcrowded conditions doubled, according to a study released Tuesday.

Data compiled by the city's Housing Preservation and Production Department indicates that rental and housing prices nearly doubled between 1980 and 1990 when adjusted for inflation.

One result, the study said, is that nearly one-quarter of the city's renters live in severely overcrowded conditions, up from just 10.5% in 1980. And more than a third of the city's residents in 1990 paid more than 35% of their gross household income for rent and household expenses or mortgages, compared with just 28% a decade before.

Meanwhile, the percentage of baby boomers who own their own home slid by 7.8%, further proof of the degree to which the American dream has become elusive in Los Angeles, the study said.

"We are rolling back the progress made since the Great Depression. This indicates a declining standard of living in America," said Dowell Myers, a USC associate profes-

Please see HOUSING, B8

HOUSING: Decline in L.A. Living Standards Found

Continued from B1

sor in the School of Urban and Regional Planning and author of the study.

"Los Angeles is separating into two cities—one well housed and one not," said the study, which is based on census data. Myers added: "There is no indication that this slide in standards will stop," despite a recent slump in housing prices, because incomes of residents continue to stagnate. Generally, the study noted that the elderly, many of whom purchased homes after World War II aided by government loan programs, low interest rates and cheaper land, fared well while the burgeoning younger and low- or middle-income population of the city suffered.

City officials fear such overcrowding is one factor contributing to the area's mounting crime problems, as people are increasingly forced to hang out on street corners instead of crowded living quarters. "We have studies going back to the 1920s showing what happens to rats when you pack them into one spot," said Barbara Zeidman, assistant general manager of the Housing Preservation and Production Department.

Several factors, the study says, have contributed to the city's housing malaise: While Los Angeles' population jumped 17.5%, to 3.5 million people during the 1980s, the number of its housing units increased by only 9.3%. While inflation totaled 59%, the decade saw median housing prices in Los Angeles soar by 154%. That was more than double the increase in housing prices nationwide. Rent prices in Los Angeles jumped 138%.

Income, meanwhile, did not keep pace, Zeidman said. "We are replacing high-skilled jobs in Los Angeles with lower-paying service jobs," she said. Thus, the percentage of home owners forced to pay at least 35% of their income for housing grew to 23.9% from 16.8%, the study found. Renters fared even worse; about 41.4% in 1990 paid more than 35% of their income for housing, up from 35.8% in 1980.

If in 1980 it took three minimum wage earners to pay for a two-bedroom apartment, in 1990 six minimum wage earners had to contribute for the same space, Zeidman said.

The result is that many more single adults band together to rent apartments and families increasingly double up in rentals—more than doubling the number of households categorized as extremely overcrowded. Nearly one-quarter of the city's renters lived under those conditions during the 1980s. The city considers a two-bedroom unit with a living room and dining room overcrowded if it has five people, and severely overcrowded if it houses more than seven people.

So acute is the housing shortage for the poor that the housing department estimates 30,000 garages are used illegally to house renters. Zeidman said the department found one garage this year in East Los Angeles which had been divided into 10 stalls.

Ironically, the overcrowding has come as rental vacancies steadily rose from 2% in 1978 to 4% in 1984 to more than 7% now—rates that are above the national norm but comparable to cities such as Houston and Chicago, according to the housing department. But those vacancies have come largely in the higher end of the rental market as people with higher-paying aerospace and manufacturing jobs have lost their jobs or moved out of the area.

"You have vast choices if you can pay \$1,200 a month," Zeidman said.

The changes affected potential homeowners as well as renters. Between 1980 and 1990, home ownership rates for the elderly, of which 57.2% now own their home, increased 10.7%. Meanwhile, baby boomers—those between the ages of 35 and 44—saw their ownership rates drop by 7.8% to 37.9%. The city's overall ownership rate fell by less than one percentage point to 39.4%, a steeper decline than in Los Angeles County as a whole, or the United States, where ownership rates ran 64.2% during the decade. Ownership declined for all racial groups in Los Angeles except the white population, which saw its home ownership rate rise 1%.

"We are even more a city of renters now than before," said Zeidman, adding that the median home price in the Los Angeles basin is \$250,000. "What was lost were middle-income people who just can't afford to buy anymore."



City of Brea

March 22, 1993

The Honorable Bruce Reed
Deputy Assistant to President for Domestic Policy
Old Executive Office Bldg., Room 216
Washington, D. C. 20500

Dear Mr. Reed:

I noticed the attached article in the March 4 edition of the Los Angeles Times indicating that Vice President Gore will be heading a "national performance review." I would like to offer the assistance of the Innovation Groups.

The Innovation Groups is a national technology transfer organization assisting government agencies develop innovative solutions to public problems. In response to escalating demands on government yet decreasing tax resources, the Innovation Groups has just completed a year-long effort helping local governments to "rightsize the right way." This effort has included training workshops for government officials and a handbook on rightsizing (see attached).

In offering the assistance of the Innovation Groups, I would like to suggest that this effort not focus on "waste, abuse, and fraud." If we are to succeed at rightsizing, we must obviously involve government employees in busting our existing paradigms. By focusing on waste and abuse, we are suggesting that government and government workers are the problem. Such an approach will not help us empower government employees to re-invent government.

The rightsizing effort by the Innovation Groups provides training and other tools so that government agencies can focus on mission and then re-engineer traditional approaches to providing services. The training and the handbook identify 37 different rightsizing strategies in 7 categories. The materials also focus on developing leadership strategies to maintain and enhance organizational vitality as government downsizes. The handbook and the training workshops showcase a variety of case studies and provide an easy-to-use format to help government managers develop rightsizing game plans.

I will be contacting you in the next several weeks to see if there is any interest in collaborating. The Innovation Groups would very much like to share our experience and support of the President's National Performance Review.

Sincerely,

Frank Benest
City Manager, City of Brea/
Consultant, The Innovation Groups
FB:kts\Enclosures\2\consultn\rightsiz.wdc

City Council	Burnie Dunlap Mayor	Glenn G. Parker Mayor Pro Tem	Carrey Nelson Councilman	Bev Perry Councilwoman	Kathy Wiser Councilwoman
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Gore Heads New Waste Hit Squad

■ **Spending:** Clinton orders six-month crash program to find ways to cut costs and improve government efficiency.

By PAUL RICHTER
TIMES STAFF WRITER

WASHINGTON—Embarking on a path that has frustrated many before him, President Clinton on Wednesday ordered a crash six-month program to find ways to cut the costs and improve the performance of the federal government.

The "national performance review" will be headed by Vice President Al Gore, and based, at least loosely, on a recent Texas budget-cutting effort.

To encourage the public's participation and support, the White House will set up toll-free telephone numbers and urge Americans to write Gore with their ideas.

"As we locate waste and wipe it out, it will be a breath of fresh air for American taxpayers." Clinton said at a morning press conference attended by congressional leaders and officials of the executive branch.

The move represents another step toward the President's often-declared campaign vow to "reinvent government" but also has a more immediate political motive: Clinton wants to convince Americans that he is serious about reducing government bloat at a time

Please see GORE, A12

GORE: Public Will Be Asked to Offer Cost-Cutting Ideas

Continued from A3

when he is asking them to pay more taxes.

While many of the details of the effort have not been fleshed out, plans call for each major federal agency to assign five to 10 officials to take part in the brainstorming.

The plan is patterned on an effort organized by Texas state Comptroller John Sharp two years ago when that state faced a huge budget deficit. Sharp brought together 100 auditors and others from 16 agencies, and they worked in isolation for five months to recommend savings worth an estimated \$4.2 billion. The Texas Legislature adopted more than 60% of the group's recommendations, for total cuts of \$2.4 billion.

Sharp was present at Wednesday's announcement and will be a consultant to the effort. Also involved will be David Osborne, whose book, "Reinventing Government," influenced Clinton on ways to change the culture and structure of the bureaucracy.

Gore declined to say how much the Administration hopes to save from the effort, but he promised it would be "substantial."

The Clinton economic plan envisions that \$23 billion will be cut from government costs over the next four years, including \$16 billion from a federal salary freeze and cuts of 100,000 jobs. Some critics have expressed skepticism that such savings will be realized.

Administration officials said they believe they can succeed because they will enlist government workers in the cause. Their chances of success are also improved, they said, because the

How to Report Abuses

A list of telephone numbers citizens can call with complaints of waste, abuse, fraud or neglect. Or they can write to President Clinton or Vice President Al Gore with suggestions on how to make government more efficient: 1600 Pennsylvania Ave., Washington, D.C., 20006.

Agency	Phone
Agriculture.....	1-800-424-9121
Commission on Civil Rights.....	1-800-552-6843
Commerce.....	1-800-424-5197
Defense.....	1-800-424-9098
Education.....	1-800-647-8733
Energy.....	1-800-541-1625
Environmental Protection Agency.....	1-800-424-4000
Federal Deposit Insurance Corp.....	1-800-964-3342
Federal Emergency Management Agency.....	1-800-323-8603
General Services Administration.....	1-202-501-1780
Health and Human Services.....	1-800-368-5779
Housing and Urban Development.....	1-800-347-3735
Interior.....	1-800-424-5081
Justice.....	1-800-869-4499
Labor.....	1-800-347-3756
NASA.....	1-800-424-9183
Nuclear Regulatory Commission.....	1-800-233-3497
Resolution Trust Corporation.....	1-800-839-3310
Transportation.....	1-800-424-9071
Treasury.....	1-800-359-3898
Veterans Affairs.....	1-800-488-8244

White House is not facing a Congress hostile to its actions.

"In the past, most efforts to reinvent government have come from those who really wanted to slash and burn and stop government from doing anything altogether," said Bruce Reed, deputy assistant to the President for domestic policy.

Just as it took President Richard Nixon, a conservative, to make an opening to China, "the President believes it will take a Democrat

who believes in government to make this work," he said.

The initiative drew mixed reviews. Some in Congress who have advocated steps to streamline government hailed it but asserted that serious government reorganization must be accompanied by congressional action to consolidate or eliminate most bureaucracies.

"This is a good first step, but I don't see it as a substitute for congressional action," said Sen. William V. Roth Jr. (R-Del.), a

longtime advocate of government reorganization.

Roth is pushing legislation to create a bipartisan commission to recommend proposals for government reorganization. His proposal would give teeth to such recommendations by providing that once the President approves them, they would take effect automatically in 30 days unless rejected by votes of both houses of Congress.

Some analysts argue that in the aftermath of former presidential candidate Ross Perot's campaign for a leaner government, this may be a propitious moment to push for a sweeping reorganization of government. But in the same breath, they warn that the recent history of such efforts records one lamentable failure after another.

In the 1960s, Defense Secretary

Robert S. McNamara went to the Department of Defense with a government reorganizing scheme called PPBS—planning, programming, budgeting system. The system foundered before the Pentagon brass had learned the acronym.

Roy Ash, who directed the Bureau of the Budget under Nixon, headed a high-profile task force called that Ash Council. It gave the bureau a fancy new name, the Office of Management and Budget, but accomplished little else of note. President Jimmy Carter spent enormous political capital on his effort to reorganize the bureaucracy but ran afoul of Congress.

And President Ronald Reagan appointed industrialist Peter Grace to head a commission to root out government waste, fraud, and abuse. The Grace Commission generated 2,478 recommendations in a 14-volume report. Copies are now layered with dust on bookshelves throughout Washington.

The Innovation Groups Handbook Evaluation Form

Thank you for your purchase. As much as possible, we would like the books and videos we produce mirror your information needs. To help us do that, please fill out this questionnaire and mail it to me, Madeleine Havlick, Publication Director, The Innovation Groups, P.O. Box 16645, Tampa, FL 33687. Thank you taking the time and effort to help us. *Madeleine Havlick*

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A REVOLUTION IN GOVERNMENT

"The people demand and deserve an active government on their side. But they don't want a government that wastes money, a government that costs more and does less. They voted for change. They wanted a literal revolution in the way government operates, and now, you and I must deliver."

President Bill Clinton
Remarks to the Cabinet
February 10, 1993

Today, the President has asked Vice-President Gore to lead a revolution in Washington that will change the way government does business. The American people deserve a government that treats them like customers and puts them in charge -- by providing more choices, better services, less bureaucracy, and a good return on their investment.

Four principles will guide this revolution in government:

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

2. Our goal is to improve services and expand opportunity, not bureaucracy. Over the past decade, America's most successful companies restructured themselves to meet the global competition by eliminating unnecessary layers of management, putting more power in the hands of front-line workers, and finding out what their customers want -- and then delivering it. The federal government must finally undertake the same searing re-examination of its mission that companies go through every year just to survive.

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

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

THE NATIONAL PERFORMANCE REVIEW

It is not enough just to cut government -- we need to rethink the way government works. We need to reexamine every dollar of the taxpayers' money that government spends, and every minute of time the government puts in on business. The hard-working people who pay the bill for government year in and year out have a right to know they're getting their money's worth.

For the next six months, under the Vice President's direction, experts from every Cabinet department will carry out a nationwide review of every government program and service. The National Performance Review will enlist front-line federal workers and the general public in a nationwide search for ways not only to cut wasteful spending, but to improve services and make government work better.

The National Performance Review is designed to instill a new spirit of responsibility and innovation into every department. It will challenge the basic assumptions of every federal program, by asking the hard questions that government has dodged for too long:

- * Does the program work?
- * Does it waste taxpayer dollars?
- * Does it provide quality customer service?
- * Does it encourage government innovation and reward hard work?
- * Finally, if the answer to these questions is no, can the program be fixed -- or is it no longer needed?

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

- * evaluate the efficiency of every federal program and service;
- * identify specific spending cuts in federal programs and services that don't work anymore, or no longer advance the mission they were intended to serve;
- * recommend ways to streamline the bureaucracy by eliminating unnecessary layers of management and reducing duplication of effort;
- * ask federal workers and the American people to send the Vice President specific suggestions on how to improve services and cut bureaucratic waste; and

* find ways to improve services by making better use of new information technology, and by making government programs more responsive to the customers they serve.

This Review will not produce another report -- Washington has had too many reports and not enough action. The National Performance Review will present the President with a list of specific recommendations for action -- program by program and agency by agency.

The Texas Model

The National Performance Review is patterned after an innovative and highly successful program pioneered by Texas Governor Ann Richards and Comptroller John Sharp. Two years ago, facing a \$4.6 billion budget shortfall, the Legislature asked Sharp to conduct a sweeping review of every aspect of Texas state government. A team of 100 auditors from 16 state agencies worked around the clock for five months -- conducting hundreds of interviews with front-line workers and fielding thousands of calls from taxpayers.

The Texas Performance Review presented recommendations for savings of \$4.2 billion. The Legislature adopted more than 60% of the Review's recommendations, saving a total of \$2.4 billion. A second review this past year proposed recommendations on how to save \$4.5 billion more.

THE CLINTON RECORD ON STREAMLINING GOVERNMENT

"It is time for government to demonstrate in the condition we're in that we can be as frugal as any household in America."

President Bill Clinton
Address to Joint Session of Congress
February 17, 1993

Change Starts at the Top

* As he had promised, President Clinton reorganized the White House and cut staff by 25% below the level at which he found it -- a reduction of 350 positions -- and cut senior staff pay by 6-10%. Together, these reductions will save \$10 million a year and make the White House more efficient.

- * Shortly after he took office, the President took executive action to:
 - * Reduce the federal bureaucracy by at least 100,000 positions;
 - * Require agencies to itemize administrative costs, and reduce them by 14% over four years;
 - * Eliminate at least one-third of the more than 700 non-statutory federal advisory commissions;
 - * Cut the Executive Vehicle Fleet by 50%, close executive dining rooms that don't recover costs, and tighten controls on the use of executive aircraft and home-to-office limousine service.

* Under the Administration's economic plan, there will be no national pay increase for federal employees in 1994, and increases will be one percent less than current law for each of the three years after that.

**** Taken together, the measures to streamline the federal bureaucracy, cut administrative costs, and reduce federal pay increases will save more than \$23 billion over four years.***

A Detailed Economic Plan of Investment and Serious Deficit Reduction

* President Clinton's 145-page, detailed Vision of Change for America offers a new way of governing. The President's plan includes serious and credible deficit reduction and a long-term plan to get our economy back on track without the "smoke and mirrors" of the past 12 years.

* The package calls for 150 specific domestic savings, as well as a long-term plan to invest in America and an immediate stimulus package to jumpstart the economy and create jobs to get America working again.

Major Change Sought For Executive Branch

Senate Proposals, Texas Approach Examined

By Stephen Barr and Ruth Marcus
Washington Post Staff Writers

For more than a decade, Sen. William V. Roth Jr. (R-Del.) has pushed for a comprehensive reexamination of the federal government to restructure, consolidate and streamline the executive branch.

Now, he may get his wish, although perhaps not in the form he wants.

The White House has been examining various proposals, including Roth's, and may announce a plan this week. Some administration aides favor a model based on a comprehensive performance audit conducted by Texas officials, although details of the plan are still being worked out.

The audit, called the Texas Performance Review, helped that state avert a multibillion-dollar budget shortfall by cutting spending and jobs and consolidating agencies. Supporters of the Texas audit contend it led to changes that permanently overhauled the state's bureaucracy.

For the administration, the audit approach is attractive because it could be portrayed as a bold initiative delivering quick results and underscore the president's resolve to eliminate government waste. Since unveiling his economic program last month, Clinton has repeatedly pointed to his own cost cutting within the executive branch. The audit would offer the president political ammunition to convince the country of his commitment to such reforms.

But there is also support for a slower, bipartisan approach, especially on Capitol Hill. In the Senate, for example, Roth has introduced legislation calling for a "Commission on Government Reform." John Glenn (D-Ohio) has proposed a "National Commission on Executive Organization Reform" and Bob Kerrey (D-Neb.) and Joseph I. Lieberman (D-Conn.)

would establish a "Commission for a Government That Works."

The commissions would need a year or two to complete their work, and the results of a government overhaul might not be apparent until much later. In contrast, the first Texas Performance Review was completed in just five months.

Led by state comptroller John Sharp, the review was conducted in secret—only two members of the audit team had an overview of the information and recommendations.

Bipartisan commissions would be expected to operate more openly and could not be under strict White House control.

Moreover, some congressional Democratic aides are skeptical about internal, executive branch audits, pointing to the Reagan administration's Grace Commission. Industrialist J. Peter Grace organized a private commission for President Ronald Reagan's "war on waste" and delivered 2,478 recommendations. A Congressional Research Service study described the reception given the Grace Commission report as "cool and a disappointment to its promoters."

Despite such tactical considerations, Democrats and Republicans agree that they now have an opportunity to change the bureaucracy.

In introducing his commission proposal, Glenn, chairman of the Senate Governmental Affairs Committee, noted that "many insiders counsel against spending political capital in an area of government that can be so difficult to change."

But Glenn said that a commission could help "regain the confidence of the American people" in their government. As Roth put it when he introduced his "Commission on Government Reform": "It is no secret to me or to the American people that governmental performance rarely lives up to its promise."

STREAMLINING GOVERNMENT



Texas Performance Review: In 1991 a state audit stripped \$2.4 billion in expenditures from a \$30 billion-a-year budget, while maintaining performance and service delivery levels.



Sen. William V. Roth Jr. (R-Del.)

Roth Commission proposal: Would have nine members appointed by the Senate, patterned after the Defense Base Closure and Realignment Commission. It would propose five pieces of legislation to restructure the executive branch and overhaul the civil service system by June 1994. After Clinton's approval, those proposals would be voted on by Congress. No amendments would be permitted.



Sen. John Glenn (D-Ohio)

Glenn Commission proposal: Would have 12 members: four presidential appointees, the rest appointed by House and Senate leaders. Commission would complete its work within 18 months of its first meeting. Proposals would need presidential and congressional approval.



Sen. Bob Kerrey (D-Neb.)

Kerrey-Lieberman Commission proposal: Would have 14 members, four of them presidential appointees. Panel would start work Oct. 1 and submit report to the president and Congress on Jan. 1, 1995. Could continue additional work through 1999.



Sen. Joseph I. Lieberman (D-Conn.)

BY LOBET—THE WASHINGTON POST

The commission proposals differ in structure but share a desire to eliminate, consolidate or reorganize programs and agencies so that the government delivers its services in a more effective and efficient manner.

Roth also calls on his commission to "reform personnel and management systems" and to "reduce the size of the federal work force through attrition and redirect funding toward improved training and rewarding excellence in the work force."

If the Clinton administration takes the approach of a Texas-style performance review, the decision likely will set off talks with Congress about whether it should be blended with a national commission.

The Texas review, called "Breaking the Mold: New Ways to Govern Texas," began in 1991 when the state faced a \$4.6 billion budget gap. Sharp assembled 104 auditors, state employees, policy experts and consultants to find ways to continue providing state services but with less money.

In a \$30 billion-a-year budget, the audit team recommended changes worth \$4.2 billion and the legislature adopted \$2.4 billion of them. That audit was followed by another performance review called "Against the Grain."

Released in January, it contains 460 proposals to restructure state programs and save \$4.5 billion over the next two fiscal years.

The state legislature has to approve the cuts.

The Washington Post

3/2/93

PHOTOCOPY PRESERVATION

Survival experience with surgery, chemotherapy. (1)

► Drug David shows promise as lung cancer treatment. (2)

► "Dreaded summer," says Mortgage Match-Kite. (3)

► **HOME SALES:** Bad weather is blamed for drop in sales of new homes, which fell 13.8% in January. (4)

► **TODAY'S DEBATE:** Gou control. In USA TODAY's opinion, "President is right to criticize the NMA for its ban on arms rather than public safety." (5)

► The President Clinton who needs to get more in touch with his cabinet. (6)

► **MONEY:** As businesses restructure, career employees get hurt. Temporary and part-time workers move to 12.

► Introducing colorful phone extension sticks. (8)

► **SPORTS:** TV puts postseason pressure on Jackson. St. Louis could keep them out of NCAA tournament. (9)

► **LIFE:** James Cameron's tough look ahead. (10)

► **WEATHER:** Arizona's Gila River continues flooding, rain soaks Southwest, showers in Northwest. (11)

By John O. Buckley

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USA SNAPSHOTS

A look at sections that shape the nation

Kinds of places damaged by terrorist acts

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Colvin's Out: A low-truck Tuesday morning, the first of more than 200 vehicles involved in Friday's bombing in the underground garage at New York's World Trade Center.

Clinton: Press 1 to report fraud

By Adam Nagourney and John Hiltner USA TODAY

President Clinton today will announce a government-wide "performance review" — including half-year reports by top department heads.

The big bangs are ready for what the administration is calling "a major restructuring of the government."

Many of the reforms were announced in the Clinton's first year.

Clinton's review will focus on the performance of the government's major departments and agencies.

The review will be the first of its kind since the Carter administration.

Clinton's review will be the first of its kind since the Carter administration.

Special launch for Arnold flick

By Martha T. Moore USA TODAY

Arnold Schwarzenegger's latest star vehicle is a rocket — to be the first advertiser on a U.S. space station. Columbia Pictures paid \$500,000 to print the names of its sponsors on the station.

Arnold Schwarzenegger's latest star vehicle is a rocket — to be the first advertiser on a U.S. space station. Columbia Pictures paid \$500,000 to print the names of its sponsors on the station.

Teens, booze and driving: A deadly mix

By Bruce Franklin and Lori Sauer USA TODAY

It's so obvious something needs to be done with these kids' cars used by corporations and try to encourage federal and state governments to take action to reduce the number of deaths caused by drunk drivers.

The number of deaths caused by drunk drivers has increased in the last few years.

The number of deaths caused by drunk drivers has increased in the last few years.

COVER STORY

It's so obvious something needs to be done with these kids' cars used by corporations and try to encourage federal and state governments to take action to reduce the number of deaths caused by drunk drivers.

The death of a teenager is especially tragic. Says Henry Martin, president of the local Remorse Industrial District chapter. "It should be the most vital, open forum at all."

Highway accidents are the leading killer of teenagers and other young drivers killed in crashes has stopped falling.

It's so obvious something needs to be done with these kids' cars used by corporations and try to encourage federal and state governments to take action to reduce the number of deaths caused by drunk drivers.

The other reports stated 18 deaths under the campaign.

Two women who left the carpooling party in the city were charged with conspiracy in murder federal agents, a possible capital offense, said U.S. Attorney Ron Fisher.

Eight more deaths were announced, bringing to 18 the number reported to the state.

Provencher's wife, Judith, said she was in the carpooling party with a rival sex leader, a possible capital offense.

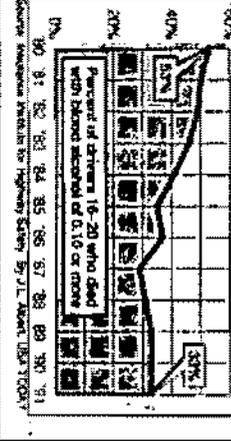
Supporting the campaign was a vulgar display of power on the part of the state being part with four and parading on the part of the Department, said former Michigan Attorney General.

Provencher's wife, Judith, said she was in the carpooling party with a rival sex leader, a possible capital offense.



TAKING TO THE ROAD: Prosecutor Larry Wilson gives a driving lesson to Jessica Dominguez, 16, of Downey, Calif.

Alcohol and fatalities



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PHOTOCOPIY PRESERVATION

[3/3/93]

READOUT QUOTES

a government that shares the values and fights for the interests of ordinary taxpayers -- a government that works for the people, not the other way around. It's not just government that's broken -- it's the system.

"Let me say to my friends on both sides of the aisle, it is not enough simply to cut government. We have to rethink the whole way it works." S/U

"It is clear to every American, including every member of Congress of both parties, that the confidence of the people who pay our bills in our institutions in Washington is not high. We must restore it. We must begin again to make government work for ordinary taxpayers, not simply for organized interest groups." S/U

"It is time for government to demonstrate in the condition we're in that we can be as frugal as any household in America." S/U

"Before we ask [middle-class Americans] to do more, we have to demand that government do everything it can to make due with less." OMB

"We must lead a revolution in government so it becomes an engine of opportunity again, not an obstacle to it. . . . If we reinvent government to deliver new services in different ways, eliminate unnecessary layers of management, and offer people more choices, we really can give taxpayers more services with fewer bureaucrats for the same or less money. . . . What I am proposing is hard, unglamorous work. It will require us to reexamine every dollar of the taxpayers' money we spend and every minute of time that the government puts in on business. It will require us to enlist the energies of front-line public servants who are often as frustrated as the rest of us with bureaucracy. And if we do it in Arkansas, which has among the lowest taxes in the country, imagine how much more important and productive it will be at the federal level."

Bill Clinton
Georgetown University
November 20, 1991

frugal as any household

At the national level, a Texas-style audit would look like this:

PRESIDENT CLINTON HAS REFORMED GOVERNMENT***DETAILED PLAN THAT COMBINES INVESTMENT WITH SERIOUS DEFICIT REDUCTION***

President Clinton's 145-page, detailed Vision of Change for America fulfills the American people's demands for a new way of governing--not the old Democratic or Republican ways of the past--but a new way. Every poll indicates the American people like the President's plan. It includes serious and credible deficit reduction and a long-term plan to get our economy back on track without the "smoke and mirrors" of the past 12 years. The President's proposal is a highly detailed document that lays out in specifics every single cut, revenue raiser, and investment line-by-line and year-by-year. It contains more than enough information to write a budget resolution. The package calls for almost \$250 billion in cuts in 150 specific programs, a four-year \$160 billion investment plan to rebuild America, and an immediate stimulus package to jumpstart the economy and create jobs to get America working again.

CLOSING THE REVOLVING DOOR

On January 20, just minutes after being sworn into office, President Clinton issued the most stringent ethics code of any administration in American history. The ethics code:

- prohibits over 1000 top officials from lobbying their former agencies for five years after leaving government. Current law limits such contact for one year.
- imposes a lifetime ban on senior officials becoming registered foreign agents for foreign governments or political parties; and
- in addition, requires lower level trade negotiators to sign a pledge not to lobby for foreign governments or business entities for five years following participation in a negotiation.

TAKING ON LOBBYISTS

President Clinton proposes eliminating the tax deductibility of special interest lobbying. The President is also fighting for legislation that:

- requires for the first time registration and full disclosure of all paid lobbyists;
- closes loopholes, such as the "lawyers' loophole"; and
- forces lobbyists for the first time to detail their contacts with congressional and executive staff.

DOWNSIZING GOVERNMENT

The President issued orders that:

- cut White House staff by 25% -- or 350 positions;
- cut senior staff pay by 6-10%;
- reduce federal bureaucracy by 100,000 positions;
- require agencies to itemize administrative costs, such as shipping and travel;
- cut administrative costs by 3% a year; and
- eliminate one-third of non-statutory federal advisory commissions.

ELIMINATING PERKS

The President issued executive orders that:

- eliminate 50% of the Executive Vehicle Fleet;
- end home-to-office limousine service;
- close executive dining rooms that do not recover costs; and
- tighten controls on the use of executive aircraft.

CAMPAIGN FINANCE REFORM

President Clinton supports legislation that will impose voluntary spending limits on campaign spending, restricts the role of PACs and large donors, and ensures access to the airwaves and to communicate with voters for all candidates.

BACKGROUND: EXECUTIVE ACTION TO CUT GOVERNMENT WASTE AND ABUSE

FEDERAL BUREAUCRACY

- o Reagan/Bush Era: Total non-defense federal workforce has grown from 1,085,000 in 1984 to 1,188,000 at the end of 1992 -- an increase of 103,000, or nearly 10%.

The overall civilian federal workforce has grown from 2,084,000 in 1984 to 2,119,000 today.

- o Clinton Administration: Will reduce federal bureaucracy by 100,000 or more by the end of 1995.

ACROSS THE BOARD ADMINISTRATIVE CUTS

- o Reagan/Bush Era: Agencies were not required to keep track of or account for administrative costs even as the federal budget deficit ballooned to over \$300 billion in 1992.

- o Clinton Administration: Will require agencies to itemize administrative costs (travel, transportation of things, moving expenses for people, communications expenses, consulting and other contracting costs, printing, supplies and materials), and reduce those costs 11% in the next four years.

- o OMB estimates that these two measures -- reducing the bureaucracy by 100,000 and cutting administrative costs by 11% -- will save taxpayers at least \$9 billion over the next four years.

333-5
3-6-9-14

VEHICLES

- o 299 "Executive Use Vehicles" used by Executive departments and agencies during the Bush Administration.
- o 45 of these vehicles were used for home-to-work service for senior executives at the agencies and the White House

Bush White House: Chief of Staff, Deputy Chief of Staff, Chair of Council on Economic Advisors, National Security Advisor, Deputy National Security Advisor, Counselor to President for Domestic Policy, Protocol Officer

- o Within the current plan, only three White House staffers will be eligible for home-to-work transportation service: Chief of Staff, National Security Advisor and Deputy National Security Advisor. Deputies in departments and agencies will not get home-to-work service as they did during the Bush Administration.
- o With the current plan, 50% of the Executive Vehicle Fleet will be cut in FY '93

EXECUTIVE DINING ROOMS

- o Bush Administration: 10 of the 14 Cabinet agencies operated 1 or more executive dining rooms at a total operating cost of \$4 million.
- o Clinton Administration: All executive dining rooms, if they remain open, must recover costs.

GOVERNMENT AIRCRAFT

- o Bush Administration: There were numerous accounts of abuse of travel privileges by top level officials -- notably Chief of Staff, John Sununu.
- o Clinton Administration: Tightening controls on use of government aircraft.

UNNECESSARY ADVISORY COMMISSIONS

- o Reagan/Bush Era: Allowed advisory commissions to proliferate, costing taxpayers \$150 million per year.
- o Clinton Administration: Will eliminate at least one third of the 700 non-statutory federal advisory commissions.

Typical examples of advisory commissions: The Advisory Panel for Animal Learning and Behavior, The National Sea Grant Review Panel, The Weather and Climate Coordinating Committee, The Board of Tea Experts, The Advisory Panel for the Dictionary of Occupational Titles.

Source: OMB 5/92

BOB KRUEGER
TEXAS

COMMITTEE
ENERGY AND NATURAL RESOURCES
COMMERCE, SCIENCE, AND TRANSPORTATION

United States Senate
WASHINGTON, DC 20510-4301

URGENT

FAX COVER SHEET

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FROM: BOB SLAUGHTER
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DATE: 2 Mar 93 - Tuesday

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**FRONTLINE FEDERAL EMPLOYEES.
YOU ARE THE SOLUTION.**

You do the work and, like any successful company, it is the frontline, hands-on, dedicated employees who really make things happen. We need leaders to set the course, but if the "system" is ruled from the top down, if the system is caught up in passing the buck or if the system does not empower the frontline employees, the system will fail. That's the problem we now have with government in this country.

YOU KNOW WHERE THE WASTE IS.

And so a taxpayer, as well as a federal employee, you are as angry about it as any average taxpayer. But who gets the blame when the system covers up the waste? You do. There are so many needs and too little money. The only way we can save programs that really help people is to cut not just some, but all the waste.

Only you can do that.

Don't let the system destroy worthwhile programs and productive jobs because of waste and fat. Don't let the taxpayers feel like they can't get value for their dollars.

CALL ME WITH EXAMPLES OF WASTE.

Your call will be totally confidential.

My name is Bob Krueger, and I am the new U.S. senator from Texas. I recently replaced Senator Lloyd Beason. You don't have to be in Washington long to understand that the problem is the system, not the frontline employees.

That's why I am introducing legislation to require a full-scale "take no prisoners" kind of audit to expose the waste. But this time I want the audit to be done by aggressive frontline employees, not high-priced consultants or the big-shot bureaucrats. In addition, once your audit is complete, my bill will give the executive office the power to impound wasteful dollars.

You know where the waste is, and we need your expertise to expose specific examples of waste and mismanagement.

If we do that, we will slash the legislation and stop the waste.

Call 1-800-856-6703 and help slash the waste.

Together we'll create a better government. The taxpayers will thank you.

BOB KRUEGER / U.S. SENATE

1-800-856-6703

Memorandum**To: Bruce Reed****From: Bob Slaughter****Re: 1-800 line of Sen. Krueger**

The 800 number was instituted on February 18, upon publication of the attached paid advertisement in the Washington Post. On the first day over 350 telephone calls were received. At present, more than 1500 calls in total have been received. We are also sending along the substance some of the more interesting calls that have been received, along with some editorial notices.

Thanks for your assistance in this matter.

KRUEGER

TEL: 512-474-9245

Feb 18 93 20:23 No.020 P.04

Friday, February 18, 1993 / Fort Worth Star-Telegram / Section A, Page 3

Krueger seeks waste examples

Senator says he hopes to boost proposed legislation for audits

By Ron Hutchinson
Fort Worth Star-Telegram Washington Bureau

WASHINGTON — As a candidate in the May 1 special election, Sen. Bob Krueger is spending plenty of money on advertising in Texas. But why would the New Braunfels Democrat plunk down \$25,000 for an ad in *The Washington Post*?

The Texas senator took out a large ad in the Washington newspaper yesterday to invite federal employees to give him examples of government waste. Krueger said he hopes to use the workers' horror stories in lobbying for his proposed legislation requiring regular, full-scale audits of federal spending.

The waste hotline had generated nearly 200 calls by yesterday afternoon, including several serious allegations of fraud.

"We had some calls from people who were just mad and screaming about cutting government. But we had a lot of calls — more than we expected — from people with specific items," said Krueger spokesman Rafe Greenlee.

The number for Sen. Bob Krueger's hotline on government waste is 1-800-434-4708.



Bob Krueger



Joe Barton

The employee grievances included allegations of more than \$1 million in questionable bonuses to political appointees at the Energy Department, a complaint about a federal worker who allegedly earns more than \$70,000 a year for doing nothing and an allegation that one individual has received government checks made out to 47 different people.

Callers to Krueger's 800 number hear a recorded message from the Texas senator urging them to expose corruption. The callers have about 90 seconds to explain their allegation.

"I want to hear from the people who know where the real waste is," Krueger says on the recording.

Krueger's rivals for the Senate seat dismissed the ad campaign as a gimmick.

Rep. Joe Barton, R-Ennis, asserted that Krueger's record as a former House member makes him an unlikely crusader against government waste.

"The last time America had a balanced federal budget was the year before Bob Krueger was elected to Congress. That's no coincidence," Barton said.

Mar. 2 '93 14:52

BOB KRUEGER N. B.

FROM 210 6201346

P. 6

Krueger starts government-waste hotline

SPECIAL ELECTION



THE RACE FOR THE SENATE

Mr. Krueger said he was pleased with the initial response to his ad.

"This process of documenting government waste from frontline employees is vital to generate the necessary support to pass the entire performance audit I've proposed," he said.

The ad lists Mr. Krueger's 1-800-656-6703 number and shows a picture of the U.S. Capitol with the words "100 percent let-free" written over it.

Also Thursday, Mr. Krueger's aides defended wording in his campaign literature that says he was considered the "most effective" freshman in Congress in 1975.

The campaign literature that includes his resume states: "And in a poll of con-

Krueger aides, describing one call to the toll number, said the person worked for NASA, made more than \$70,000 and "has no job description and does no work."

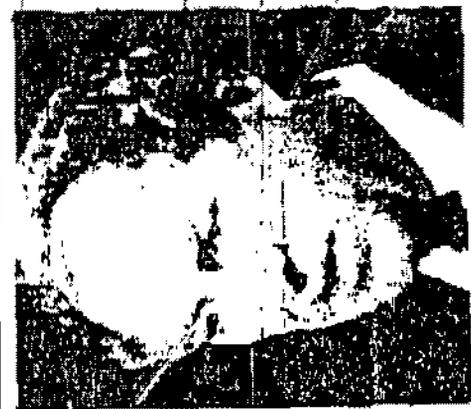
The ad was designed to help gather evidence for Mr. Krueger's proposed legislation to make wasteful government spending illegal.

Another caller said more than \$1 million in salary bonuses had been given "in the Energy Department for political appointments."

Attorney General ... Seeking to portray himself as ... of the bureaucracy, U.S. Sen. Bob ... asked federal employees Thursday ... with examples of government waste and mismanagement.

... Democrat who is running the special May 1 Senate race, ... in the The Washington Post ... a 1-800 number in which he ... public could leave unidentified ... spending abuses.

... Krueger's campaign issued a new ... about the ad Thursday and said the ... he drew 181 calls from 4 a.m. to 2 ... politician could not immediately ... much the ad cost.



Bob Krueger ... has an 800 phone line for federal employees to report government waste and mismanagement.

Please see SENATOR on Page 3A.

Dallas
Morning
News
3-2-93

Krueger sets phone line on waste in government

Continued from Page 23A.

gressional offices, Roll Call (a Capitol Hill newspaper) found he was considered the most effective of the 92 new members who entered Congress in 1975."

Mr. Krueger, elected to the House from a district in Central Texas, does not point out that the article dealt only with Democratic freshman lawmakers.

"It appears Roll Call did not do a survey of the most effective Republican freshmen," said Krueger spokesman Rafe Greenlee. "It is clear a majority of the freshman surveyed that year named him the most effective."

"We think that it (the literature) is accurate," Mr. Greenlee said.

After questions during Mr. Krueger's unsuccessful 1984 Senate race, his aides said that Mr. Krueger did not try to misrepresent the survey when he said in speeches and written material that he was voted

most effective by "his congressional colleagues" as opposed to congressional staffers.

In other developments in the Senate election, Democratic candidate Richard Fisher of Dallas announced that three former top coordinators for Ross Perot's presidential effort have joined his staff. They include Rose Cannady, who headed Mr. Perot's phone bank operation.

"These folks have a good idea of how to find the millions of people who share my disgust with politics as usual," Mr. Fisher said.

And Republican candidate Clymer Wright of Houston challenged others in the race "to get specific" in naming what cuts they would make to balance the federal budget.

For starters, Mr. Wright said, he would eliminate the Corporation for Public Broadcasting. "The total savings from the elimination of this program would come to \$310 million," he said.

Such efforts have failed in the past in Congress.

KRUEGER

TEL: 512-474-9245

Feb 18, 93 20:23 No.020 P.04

Friday, February 19, 1993 / Fort Worth Star-Telegram / Section A, Page 3

Krueger seeks waste examples

Senator says he hopes to boost proposed legislation for audits

BY PONI HUNTERSON

Fort Worth Star-Telegram Washington Bureau

WASHINGTON — As a candidate in the May 1 special election, Sen. Bob Krueger is spending plenty of money on advertising in Texas. But why would the New Braunfels Democrat plunk down \$25,000 for an ad in *The Washington Post*?

The Texas senator took out a large ad in the Washington newspaper yesterday to invite federal employees to give him examples of government waste. Krueger said he hopes to use the workers' horror stories in lobbying for his proposed legislation requiring regular, full-scale audits of federal spending.

The waste hotline had generated nearly 200 calls by yesterday afternoon, including several serious allegations of fraud.

"We had some calls from people who were just mad and screaming about cutting government. But we had a lot of calls — more than we expected — from people with specific items," said Krueger spokesman Eric Greenlee.

The number for Sen. Bob Krueger's hotline on government waste is 1-800-454-5763.



Bob Krueger



Joe Barton

The employee grievances included allegations of more than \$1 million in questionable bonuses to political appointees at the Energy Department, a complaint about a federal worker who allegedly earns more than \$70,000 a year for doing nothing and an allegation that one individual has received government checks made out to 47 different people.

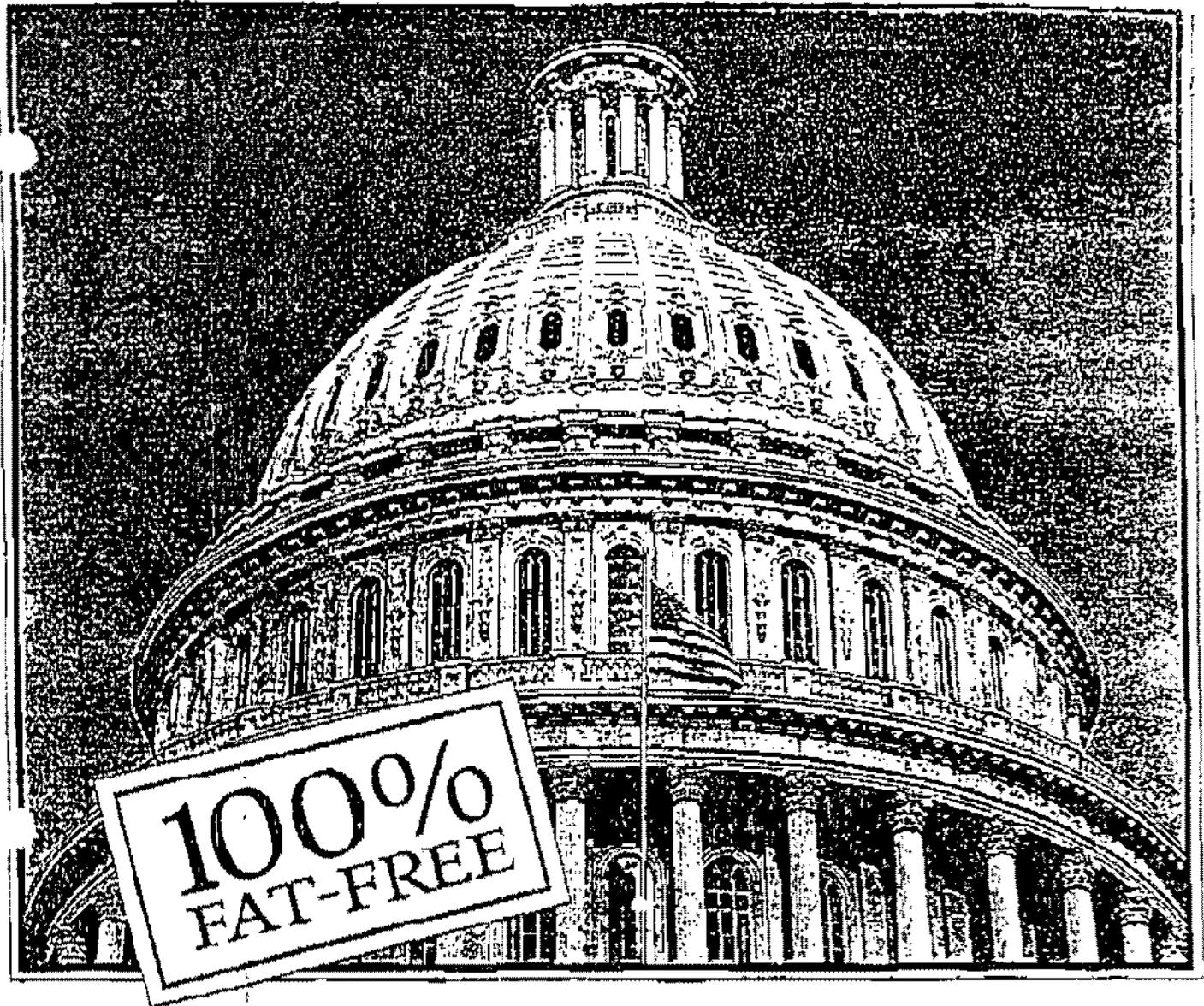
Callers to Krueger's 800 number hear a recorded message from the Texas senator urging them to expose corruption. The callers have about 90 seconds to explain their allegation.

"I want to hear from the people who know where the real waste is," Krueger says on the recording.

Krueger's rivals for the Senate seat dismissed the ad campaign as a gimmick.

Rep. Joe Barton, R-Ennis, asserted that Krueger's record as a former House member makes him an unlikely crusader against government waste.

"The last time America had a balanced federal budget was the year before Bob Krueger was elected to Congress. That's no coincidence," Barton said.



**FRONTLINE FEDERAL EMPLOYEES
YOU ARE THE SOLUTION.**

You do the work and, like any successful company, it is the frontline, hands-on, dedicated employees who really make things happen. We need leaders to set the course, but if the "system" is ruled from the top down, if the system is caught up in passing the buck or if the system does not empower the frontline employees, the system will fail. That's the problem we now have with government in this country.

YOU KNOW WHERE THE WASTE IS.

And as a taxpayer, as well as a federal employee, you are or angry about it as any average taxpayer. But who gets the blame when the system covers up the waste? You do. There are so many needs and so little money. The only way we can save programs that really help people is to cut not just some, but all the waste.

Only you can do that.

Don't let the system destroy worthwhile programs and productive jobs because of waste and fat. Don't let the taxpayers feel like they can't get value for their dollars.

CALL ME WITH EXAMPLES OF WASTE.

Your call will be totally confidential.

My name is Bob Krueger, and I am the new U.S. senator from Texas. I recently replaced Senator Lloyd Benning. You don't have to be in Washington long to understand that the problem is the system, not the frontline employees.

That's why I am introducing legislation to require a full-scale "take no prisoners" kind of audit to expose the waste. But this time I want the audit to be done by aggressive frontline employees, not high-priced consultants or the big-shot bureaucracy. In addition, once your audit is complete, my bill will give the executive officer the power to impound wasteful dollars.

You know where the waste is, and we need your experience to expose specific examples of waste and mismanagement.

If we do that, we will pass this legislation and stop the waste.

Call 1-800-856-6703 and help stop the waste.

Together we'll create a fat-free government. The taxpayers will thank you.

BOB KRUEGER / U.S. SENATE

1-800-856-6703

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U.S. News

Friday, February 19, 1958 / Fort Worth Star-Telegram / Section A, Page 8

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Friday, February 19, 1960 / Fort Worth Star-Telegram / Section A, Page 8

Mar. 2 '93 14:52

BOB KRUEGER H. D.

FROM 210 6281546

P. 6

Krueger starts government waste hotline

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Dallas
Mornings
News
3-2-93

- open-ended nature of task we're embarking on
- bigger than we know how to do

draft 3/2 mer 12:10pm

Statement of
VICE PRESIDENT AL GORE

- 1) Dist - not commission
- 2) Results-oriented
- 3) 1st step of continuing process - not completed this yr. ...

Engage the public
- customer service eqpt that comes w/ the economic plan

Partnership w/ dept. heads + Cabinet mems.
Partnership w/ Congress
w/ rank + file employees

Mark this day, because today, President Clinton is starting a revolution in government. It won't happen overnight, and it won't be easy, but it will fundamentally change the way our government works -- for the people it serves and the people it employs.

President Clinton believes strongly in the urgency and importance of this change and so do I. For me, leading this effort represents a challenge I sought inspired by his leadership and vision, and empowered by a commitment we share to make our government work better, harder, and smarter for the American people.

Our announcement today is revolutionary, but it shouldn't be surprising. President Clinton is offering the American people a bold and dramatic initiative for our economy -- to create jobs, sustain growth, and reduce the deficit. President Clinton started the change where it has to start, with the government. The President already has reorganized the White House -- cutting staff by 25 percent and saving \$10 million. And, the President told his cabinet to park the limos, close the executive dining rooms, and cut the bureaucracy by 100,000 positions. That's \$9 billion in savings.

But this is about more than just cutting spending, or taking out the green eye-shades and sharpening the pencils. Make no mistake about it, we are dedicated to ferreting out waste and cutting spending and we expect this effort to lead to real savings. But today, we are ensuring that our government moves with us as we lead American toward a brighter, more prosperous future. Today, we are starting what will be a continuous and vigilant process to make government work better -- to use every tax dollar wisely, to weed out dead ideas and encourage new, creative ways, and, to borrow a phrase I've heard once or twice before, to put people first.

Today, President Clinton is making sure that government knows what every business knows -- the customer comes first and, if you can't serve your customers efficiently, effectively, and responsively, then you're not doing your job. Business people know about the quality revolution -- it's changed the way they do business and it's kept them in business. Now, it's time for a quality revolution in government -- a revolution aimed at changing the way government works.

It's time we cut the red tape and trimmed the bureaucracy. It's time we took out of our vocabulary, the words, "We've always done it this way." And, it's time we listened to the people who work for our government and recognize that the greatest untapped resource we have is their ingenuity, their brainpower, their

experience.

To every government worker, to every American citizen, we are today issuing a challenge and an invitation: help us get rid of the waste and the inefficiency, help us get rid of the bureaucracy, let us know when you spot a problem and tell us when you've got an idea. We want to hear from you. Call an 800 number -- and they're located throughout the government -- or write to me and let us know what you think. We are determined to work with you to make our government work better.

That's the idea behind the National Performance Review the President is announcing today. For the next six months, we will take a fine-tooth comb to every federal agency and every federal expenditure in an unprecedented national audit focused not just on cutting wasteful spending but also on improving services and making our government work better. At the end of six months, we will have real results and real proposals to offer, but we won't stop there. We didn't get into this hole overnight and we won't climb out overnight, but we will climb out, we have to because the kind of government we want, the kind of country the American people deserve is not going to be stuck in the mud, it's going to be moving forward, finding new and better ways to work for the American people.

So, today, I applaud President Clinton for his leadership and pledge to him, to every federal worker and to every American

citizen that the fundamental changes we're after will be found, that together we can create a government that responds to the people it's supposed to serve, that we can create a government that works smart for less, that we can create a government that moves forward instead of dragging us back, with a vision that embraces change and offers progress.

* Fundamental change...takes more than it gives back, special treatment for special interests

** new spirit of innovation and responsibility..come from within....no one more frustrated than workers trapped in it

program..National Performance Review to enlist front line workers and the general public in a nationwide search for ways not only to cut wasteful spending, but to improve services and make government work better

**PRESIDENT OF THE UNITED STATES
NATIONAL PERFORMANCE REVIEW
3/3/93**

Today I am taking what I hope will be an historic step to reform the federal government.

I am announcing the formation of A National Performance Review. My goal is to make the entire federal government less expensive and more efficient and to change the culture of the bureaucracy from one of complacency and entitlement to one of initiative and empowerment.

We intend to redesign and reinvent and reinvigorate the federal bureaucracy.

Working under the direction of the Vice President, for the next six months we will conduct an intensive national review of every single government agency and service.

We will enlist citizens and government workers and leaders from the private sector in a search not only for ways to cut wasteful spending, but to improve services and make government work better.

I will ask every member of my Cabinet to assign their best people to this project -- managers, auditors, and front-line workers as well. And to put the "M" back in OMB I have asked Phil Lader, OMB's Deputy Director for Management and a man who has spent his life solving management problems, to take the lead in making his agency and all of government work better.

We will turn first to federal employees for help. They know better than anyone else how to do their jobs if someone will just ask them and reward them for wanting to do it better.

We will ask the public to help us improve services and cut bureaucratic waste, by calling an 800 number, or by writing the Vice President. Because no one deserves a bigger say in the services government provides than government's customers, the American people.

We will look for ways to streamline our organizations and to cut out unnecessary layers and to improve services through better uses of technology and by giving managers more flexibility and front line workers more decision making power.

Making specific spending cuts is a priority, but so is making the system better for the people who work in government and the people served by it. The truth is we cannot achieve the savings

we want simply by cutting funds. We must also use the remaining funds much more wisely.

We will challenge the basic assumptions of every program. We will ask does the program work, does it provide quality customer service, does it encourage government innovation and reward hard work, and if the answer is no, is there a better way to do it, or is it something the federal government should no longer try to do?

Many programs began as federal programs for good reason - to serve a national purpose, or to give the states time to develop the institutional capacity to administer them. But times change, and in many cases state and local governments are now better suited to handle these programs. The federal government simply can't do everything -- and there are many things the states and the private sector can do better.

This Performance Review will not produce another report to gather dust in some warehouse. Washington has had too many reports and not enough action. That is why I am asking for a list of specific actions we can take now agency by agency, program by program.

I want to emphasize that this is hard work, and won't happen overnight, because we have been a long time getting into this spot.

But, we can continuously improve the operations of this government starting today and we will, and we will report to the American people every step of the way.

Two years ago, when the state of Texas faced an enormous budget shortfall, they launched a Performance Review that saved the taxpayers billions and made government work better at the same time. Senator Bob Krueger set up a hotline in Texas ten days ago for taxpayers who want a government that's 100% Fat Free. They got 200 calls the first day.

Vice President Gore and I think a National Performance Review is absolutely necessary because we simply have too much to do that a wasteful and mismanaged government will not be able to do:

We must cut and invest at the same time, which has never been tried before;

We have more to do in terms of the costs of problems like health care and the challenges of an intensely competitive global economy, and we have to do it with less than we've had in a long time;

We must do something about the largest deficit in our history, or it will literally rob us of our ability to solve problems or thrive economically or invest in our future;

And most importantly, the American people deserve a government that is honest and efficient and fair, and for too long that's not what they've been getting.

For most Americans a college loan or a Social Security check represents a common border with the best ideals and goals of their country. We all count to some extent on the government to protect the environment and to provide education and health care and other basic human needs.

But democracy becomes an empty phrase if those who are elected to serve cannot meet the needs of the people except with government that costs too much or is too slow or is too arrogant.

Finally, let me stress this Performance Review is not about politics.

Programs passed by both Democratic Presidents and Republican Presidents and supported by bipartisan majorities are being undermined by an inefficient and outdated bureaucracy, and by our huge debts. We want to make improving the way government does business a permanent part of how government does business, regardless of which party is in power.

It isn't written anywhere that government can't be thrifty or entrepreneurial or flexible. Increasingly, most government - state and local government - is, and it is time the federal government followed the example set by them and the many huge private sector bureaucracies that have downsized and streamlined and became more customer friendly, and more profitable as a result.

It is time government adjusted to the real world and tightened its belt and managed its affairs in the context of an economy that is information based and rapidly changing and that puts a premium on speed and function, and not rules and regulation.

Americans voted for change.

They want better schools and health care and better roads for the same tax dollar, and refuse to believe it can't be done. They may not know how to do it, but they are willing to try new ways. We owe it to them to prove that we do too.

Department of Agriculture
1-800-424-9121

Commission on Civil Rights
1-800-552-6843

Department of Commerce
1-800-424-5197

Department of Defense
1-800-424-9098

Department of Education
1-800-647-8733

Department of Energy
1-800-541-1625

Environmental Protection Agency
1-800-424-4000

Federal Deposit Insurance Corporation
1-800-964-3342

Federal Emergency Management Agency
1-800-323-8603

General Services Administration
1-800-424-5210

Department of Health and Human Services
1-800-368-5779

Department of Housing and Urban Development
1-800-347-3735

Department of Interior
1-800-424-5081

Department of Justice
1-800-869-4499

Department of Labor
1-800-347-3756

National Aeronautics and Space Administration
1-800-424-9183

Nuclear Regulatory Commission
1-800-233-3497

Railroad Retirement Board
1-800-772-4258

Resolution Trust Corporation
1-800-833-3310

Department of Transportation
1-800-424-9071

Department of the Treasury
1-800-359-3898

Department of Veteran's Affairs
1-800-488-8244

THE NATIONAL PERFORMANCE REVIEW

"The people demand and deserve an active government on their side. But they don't want a government that wastes money, a government that costs more and does less. They voted for change. They wanted a literal revolution in the way government operates, and now, you and I must deliver."

President Bill Clinton
Remarks to the Cabinet
February 10, 1993

A Revolution in Government

It is time for a revolution in Washington that will change the way government does business. The American people deserve a government that treats them like the customers and bosses they are -- by providing more choices, better services, and less bureaucracy.

Four principles will guide this revolution in government:

1. Before we ask ordinary Americans to do more, government must learn to make due with less. It is time to demonstrate that government can be as frugal as any household in America.
2. Our goal is to expand opportunity, not bureaucracy. Over the past decade, America's most successful companies restructured themselves to meet the global competition by eliminating unnecessary layers of management, putting more power in the hands of front-line workers, and finding out what their customers want. The federal government must finally undertake the same searing re-examination of its mission that companies go through every year just to survive.
3. Government will only succeed if it listens to its customers, the American people. We need to make government customer-friendly by giving people more choices, better services, and a bigger say in how their government works.
4. This revolution in government must come from within. No one is more frustrated by the bureaucracy than the workers who are trapped in it, and who

know better than anyone how to fix it. Employees at the front lines can make government work if someone will listen.

The National Performance Review

It is not enough just to cut government -- we need to rethink the way government works. We need to reexamine every dollar of the taxpayers' money that government spends, and every minute of time the government puts in on business. The hard-working people who pay the bill for government year in and year out have a right to know what they're getting.

For the next six months, under the Vice President's direction, experts from every Cabinet department will carry out a nationwide review of every government program and service. The National Performance Review will enlist front-line federal workers and the general public in a nationwide search for ways not only to cut wasteful spending, but to improve services and make government work better.

The National Performance Review is designed to instill a new spirit of responsibility and innovation into every department. It will challenge the basic assumptions of every federal program, by asking the hard questions that government has dodged for too long:

- * Does the program work?
- * Does it waste taxpayer dollars?
- * Does it provide quality customer service?
- * Does it encourage government innovation and reward hard work?
- * Finally, if the answer to those questions is no, can the program be fixed -- or do we not need it anymore?

The National Performance Review will put 200 managers, auditors, and front-line employees from across the government to work on specific recommendations for improving services and cutting waste. They will:

- * evaluate the efficiency of every federal department;
- * identify specific spending cuts in federal programs and services that don't work anymore, or no longer advance the mission they were intended to serve;
- * ask federal workers and the American people to make specific suggestions on how to improve services and cut bureaucratic waste, by calling an 800-number or writing the Vice-President;

* recommend ways to streamline the bureaucracy by eliminating unnecessary layers of management and reducing duplication of effort;

* find ways to improve services by making government programs more responsive to the customers they serve; and

* suggest changes that would reward performance, give managers more flexibility, and put more decision-making power in the hands of front-line workers.

This Review will not produce another report -- Washington has had too many reports, and not enough action. The National Performance Review will present the President with a list of specific recommendations for action, program by program and agency by agency.

The Texas Model

The National Performance Review is patterned after an innovative and highly successful program pioneered by Texas Governor Ann Richards and Comptroller John Sharp. Two years ago, facing a \$4.6 billion budget shortfall, the Legislature asked Sharp to conduct a sweeping review of every aspect of Texas state government. A team of 100 auditors from 16 state agencies worked around the clock for five months -- conducting hundreds of interviews with front-line workers and fielding thousands of calls from taxpayers.

The Texas Performance Review presented recommendations for savings of \$4.2 billion -- \$2.4 billion of which the Legislature adopted. A second review this past year proposed recommendations on how to save \$4.5 billion more.



UNITED STATES
DEPARTMENT OF AGRICULTURE
OFFICE OF PUBLIC AFFAIRS
WASHINGTON, DC

FACSIMILE COVER SHEET

TO: Bruce Reed

Company/Agency:

Phone:

Fax:

456-7739

FROM: Joel Berry

Agency: USDA, Office of Public Affairs, Washington, DC

Phone: (202) 720-4623

Fax: (202) 720-5043

DATE: 3/2

Pages including this
cover page:

5

Comments:

Espy's Reinventing USDA
Speech, FYI

NEWS

United States
Department of
Agriculture

Office of
Public Affairs

News Division
Room 404-A
Washington, D.C. 20250

Release No. 0121.93

Statement

by
MIKE ESPY
SECRETARY OF AGRICULTURE
February 11, 1993

"BUILDING A TEAM USDA DEDICATED TO CHANGE"

Good afternoon. Ever since my first day on this new job, I wanted to meet with the members of the press who cover this Department for a living. I wanted to meet with all of you informally, and take my time to get to know all of you personally, and let you know that I would be accessible and open. That was my game plan to ease into this new job along with you. A nice, slow beginning.

Well, you know that didn't happen. An unfortunate crisis was dropped in my lap the day I was sworn in. I'm extremely pleased that President Clinton will ask, as a part of his economic stimulus package, to give USDA an extra \$4 million to hire an additional 160 federal meat and poultry inspectors. But now that I have dealt with the emergency situation in Washington State, and have made my recommendations about how we can begin to re-design our meat inspection system, I want to take a few minutes with you today to step back and look at the big picture. I want to give you an idea of exactly what President Clinton and I have in mind when we say we want to give this government back to the people.

When President Clinton and his Administration talk about change, we want the American people to know that we offer more than the empty rhetoric of politics as usual. We want the American people to know that we are serious about introducing concrete, specific proposals to fundamentally overhaul the way government does business.

It wasn't easy for President Clinton to announce a 25% cut in the White House staff, thereby reducing the number of jobs and the salaries of the jobs for some of his longest and most trusted supporters and advisers. The pundits said Bill Clinton couldn't, or wouldn't do it -- but he did it. And now they say we can't reform USDA -- but we will.

I don't think there is a Department in this entire government in more dire need of being reinvented than USDA.

So today I will begin the process of announcing major changes in USDA, some of which will be important for the symbolism involved and some of which will be important for their policy implications. Today I will begin the process of building what I call "Team USDA" -- a partnership between USDA's new political leaders, its career employees, and the public it serves. This

-2-

new partnership will be dedicated to working together for massive, yet constructive, change.

The American people are sick and tired of leaders who place personal comfort above public service. Our predecessors in the last administration -- despite their anti-government rhetoric -- allowed their senior level officials to enjoy the comforts of executive dining rooms in 10 of the 14 cabinet agencies. These executive dining rooms cost American taxpayers in excess of \$4 million dollars per year.

Many of my cabinet colleagues have eliminated their executive dining rooms. However, USDA never had an executive dining room, per se. We had a room upstairs that served the same exact food as the cafeteria downstairs, but had waiter and waitress service, and a few nice tablecloths. All employees of the department were eligible to use this dining room when it was not reserved by senior officials. However, one single table was reserved exclusively for the Secretary.

Well, now even that one single table is no longer reserved. As of yesterday, I asked for both my name and the "reserved" sign to be removed from that table. We will continue to use that room for working lunches. But all employees of the United States Department of Agriculture -- and all visitors to the United States Department of Agriculture -- will be welcome to use this room.

It has also come to my attention that many employees of this Department have come to feel that they are not welcome on the second floor of this building -- the floor that houses my and other high-ranking USDA offices. I want that perception to change this very second. I want all USDA employees to know that I -- and all my personal staff and all the President's appointments here -- will have an open door policy. If you want to meet with us -- meet with us. If you have something to say to us -- say it. If you just want to wish us a good morning -- do so.

Now, if in the past, even employees of USDA didn't feel they could give me their opinions, we can only imagine how far removed the general public is from this Department. For far too long, this Department has been perceived as remote from the everyday problems of everyday people. That's why I am extending my open door policy to all Americans. I want to meet with a wider range of consumer, farmer, of nutrition, and rural development groups than has any Secretary of Agriculture in the entire history of this Department.

People who can't meet me personally should send me their opinions -- typed, handwritten, or crayoned -- faxed, mailed, or carrier-pigeoned -- however they feel they can best send me the message. And I will get the message.

My last point is that I am deadly serious about comprehensively re-organizing this Department. I mean it when I say that we will get our house in Washington in order before we ask folks across America to suffer by closing field offices.

I mean it when I say that we must lead by example. One of the most visible parts of the Department of Agriculture is our Office of Public Affairs, so I intend to reform that office first.

The new USDA will replace the old, bureaucratic, duplicative Office of Public Affairs and agency public affairs offices with one, new, streamlined and efficient Office of Communications.

-3-

USDA currently has about 1,000 public affairs/information positions, including support personnel, spread throughout all our agencies and spread throughout the country. Annual salary costs are estimated at over \$40 million. About 450 of these employees are located at headquarters in Washington, DC, area, scattered in at least 25 different offices. The rest are stationed at regional, state and national forest offices.

Yet only 156 of these personnel report directly to USDA's centralized, department-wide, Office of Public Affairs. Most work directly for individual agencies that have their own public affairs staffs. Many agencies even have their own public liaison, intergovernmental relations, design, and photography staffs. This shall not continue. I intend to create one USDA, with all agencies working together as a team to deliver one central message of reform.

I intend to dramatically reform this system in Washington, by eliminating all of the individual agencies public affairs staffers and either place those employees under the centralized Office of Public Affairs or transfer them to non-public affairs related work. Additionally, where possible, I will merge all public information functions in the field.

We want to eliminate duplication, and find economies of scale. Agencies don't need their own graphic designers or photographers or press spokespeople. Our departmental Office of Public Affairs is now perfectly equipped to handle all these functions.

The bottom line is that the Department of Agriculture does not need 1,000 staffers assigned to telling the public what a great job we are doing. Instead, we need more employees assigned to providing direct services to our citizens.

We should be about serving the public -- not about promoting ourselves. I want all the public affairs employees of USDA to fully understand that my decision is no reflection whatsoever on the fine work so many of them have performed for so long, for so little pay, for so infrequent recognition, and with so much stress. We honor your commitment to public service and we will reward that commitment.

Still, we need to send the message out to the America that the only way for our Department to improve its public image is to provide better services to the public. That is why I believe it is important that many public affairs employees be assigned to other functions serving the public.

Additionally, we will be eliminating an extra layer of bureaucracy that exist in the Department's Office of Public Affairs itself, thereby allowing division chiefs to report directly to the new USDA Director of Communications and to his or her Deputy Directors.

The Deputy Director for Press will oversee press services, radio and television services, and will coordinate -- through a desk system -- the public activities of all the agencies. A Deputy Director for Public Affairs will oversee such information services as design, photography, publishing, printing, video production and teleconferencing, and public and intergovernmental liaison.

The functions of public liaison and intergovernmental relations will be merged, but then divided by subject area. We will now have one office of Farming Outreach, dealing with governments and interests groups on issues relating to farming, agricultural marketing, and rural development. We will have another Office of Consumer Outreach, dealing with issues such as

nutrition and consumer protection.

These new public outreach offices won't sit back and wait to be contacted by the public. They will aggressively reach out and touch many "someones" to solicit advice and help from organizations, state and local governments, indian tribes, and members of the general public. These offices will forcefully bring this government back to its people.

I want to emphasize that these announcements today are the beginning -- not the end -- of a process to make this Department farmer friendly, consumer friendly, and just plain citizen friendly. President Clinton has asked all of us in his cabinet to find ways to make our departments more in touch with the people we serve. I am honored to be part of that process.

So in the days immediately ahead, I will consult extensively with Congress and any interested groups before proposing a comprehensive restructuring plan that will affect every single agency and aspect of the Department.

But these changes cannot be accomplished by one Secretary alone, and not even by the full force of a cabinet or a President. Again, these changes can only be accomplished as a partnership between government employees and the public. What we are calling for is nothing short of a new civic compact that calls upon all citizens and government employees alike to join together to work with their government to put this great nation back on track. And that's what my Team USDA concept is all about.

Thank you. I will now take your questions.

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The Clinton Record on Streamlining Government

Government Hotlines