

A Brookings Press Briefing

THE CLASS OF 2003: A SPIRIT OF PUBLIC SERVICE

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Welcome and Introduction:

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President, The Brookings Institution

Panelists:

THE HONORABLE DONALD H. RUMSFELD

United States Secretary of Defense

PAUL LIGHT

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STROBE TALBOTT: Good morning everybody. I'm Strobe Talbott, the President of the Brookings Institution. I want to welcome you all here. In just a moment, I'm going to turn the mic over to my colleague, Paul Light, who is the Director of our Center for Public Service.

But first, I want to use the occasion to thank two public servants for their participation in this morning's program; Paul Volcker and Don Rumsfeld.

Paul Volcker has given of his energies, and by the way, also let us use his name on two Brookings' commissions on public service over the years. And Paul Light and all of us at Brookings are very proud and grateful to be associated with Paul Volcker and those enterprises we're going to hear more about during the course of the morning.

Secretary Rumsfeld, as you all know, presides over what I think is kind of a unique sector of public servants, and that is the men and women of the Armed Forces of the United States, who defend our country's interests with great bravery and as we've been reminded recently, often with great sacrifice.

Now, Secretary Rumsfeld, the Department over which he presides, the men and women that he works with, have gotten a great deal of publicity of late. Deservedly so. But what is not perhaps been quite so much noticed is that the Bush Administration in general, and Secretary Rumsfeld's Department in particular, have also made a very high priority out of reform of government personnel policies.

In fact, in the few minutes that the Secretary and I had a chance to talk this morning, I started by congratulating him on the victory in Iraq and talking a little bit about that subject, and he quickly switched the subject to personnel matters, which are very much on his mind as you will see in just a moment.

In any event, his willingness to take some time out of his schedule and join in our program this morning is proof of his commitment to the cause of improving public service in our country and now to give you a little bit more background on the report that the Volcker commission will be releasing today, I'm going to turn the podium over to my friend and colleague Paul Light.



PAUL LIGHT: I know you are all real interested in a deep introduction to the DOD personnel system. And we may have the three people in America who really, really care about this issue at the front. And Strobe too. I would like to say at the beginning that Secretary Rumsfeld was a member of the first Volcker commission, therefore tied intimately to the second. He was also on Capital Hill, a studious employer of American political science association congressional fellows, of which I was one and the Vice President of the United States is another.

Let me just briefly run over this survey of college seniors for you. You've got the report I hope and I think it's pretty straight forward. I always like to start by thanking the people who helped bring this project to fruition. Princeton Server Research Associates, my colleagues at the Senate for Public Service. Thanks to the Brookings Institution's communications staff who did a terrific job pulling this event together on such short notice and Erin Murphy for her efforts. Sharon Merchant too.

I should also note the importance of my colleagues at the Rand Research Institution whose work on civil service reform and DOD personnel is the deepest in the country and they have informed my work greatly and, of course, David Chou, the Undersecretary of the Personnel in Readiness is a Rand person by history. A terrific shop, not a shop, a think tank and their work is worth taking a deep look at.

Quick note about the survey. It was 1,002 seniors interviewed in April in Liberal Arts and Social Work. They were interviewed by telephone. The margin of error in the statistics that I'll rule out very quickly is plus or minus three percent.

Four main points here today from the survey. Number one; young Americans remain deeply committed to public service. Almost two thirds of the seniors that we interviewed said they had seriously considered a job in public service. That fits with all of our other work at the center on presidential appointees, young Americans more generally, graduates at the top school of public affairs, including, I hope, the Wagner School of Public Service, with which I'm affiliated as the Paulette Goddard Professor of Public Service. Simply put, these young Americans are ready to say "yes" to public service.

Second point; young Americans are not saying, "show us the money." In our surveys, what they're saying is "show us the job." They put the highest value on making a difference in the work that they do. They put a very high value on the chance to learn new skills and the opportunity to do challenging work.

Now in this survey, they also tell us that they value job security and benefits. But salary rates at the very bottom of the list of very important considerations as they make decisions about future careers, along with loan forgiveness. It is important to note that loan forgiveness programs the ones that the Federal Government is authorized to fund do matter to students with high amounts of debt. That's sort of a "duh," conclusion statistically. The more debt you have,

the more value you place on loan forgiveness. That's one of those slam dunk findings that is statistically unassailable.

Third point here is that public service as a term has very clear meanings to college seniors. It's very much about making a difference one on one. When young Americans hear the words, "public service," they think about the kinds of jobs that non profits do first. Government and contractors being a distant second and third. I believe this is the first survey ever to ask college seniors about their interest in working for a business that delivers goods and services to government under contracts. We'll talk about that in just a second.

The non-profit sector and head-to-head competitions with government, federal, state and local combined, is considered by far the best sector at helping people, spending money wisely, being fair in its decisions, and delivering services on the public's behalf. It's considered by far the best place for helping people even among students who would prefer a job in government. Even among students who would prefer a job in government. Government comes through this survey with a terrible reputation as a place to go to make a difference. So when you ask about public service as being sort of the opportunity to make a difference one on one, and then you say, "well how does government do in terms of giving you that opportunity?" The answer is that government does not do very well, remembering my note that these young people are saying, not "show us the money," but "show us the jobs." Government jobs do not show very well to America's college seniors this year.

Government comes in second on these head-to-head measures. Contractors are a distant third. Government is seen as the best place to go for benefits and the best place to go for the chance to serve one's country, which is kind of a patriotic call. Contractors are seen as the best to go for only one reason; salary. Duh, is another conclusion.

Fourth point here; even students who prefer a public service career in government would not know how to get one if they began the search. Most believe that the hiring process is worse than any hazing they have heard about on their campuses. Government is perceived as the most difficult sector by far to enter. It's perceived as a sector with, by far, the slowest and most confusing hiring process and I should note, that students who have volunteered and turned to work for government in college or high school are more positive about government as a destination, but in fact, few college seniors have had that experience.

Final point; two conclusions here. It's clear that government at all levels needs to do something bold to reverse prevailing student opinions about its reputation as a destination for public service. That means streamlining the hiring process to deal aggressively with student perceptions that you just can't get in and if you do apply, it's going to be a long time between application and offer.

We also need to assure young Americans that they will have the chance to make a difference every day in their work and it's (SOUNDS LIKE: DOUBT) that government work provides you that opportunity is a very serious obstacle. They may come into government for the chance to serve their country, but if they don't find that that opportunity exists day to day, they'll leave quickly.

Second point is that we have to prepare government for a much more mobile work force. There is a very significant reluctance in this survey among young Americans to stay anywhere for very long. There's a need for a much more porous personnel system in government that allows a variety of public service careers for America's young people, many of whom say that it's not wise to stay anywhere very long. One size definitely does not fit all in this case.

Thank you for listening to me. We'll take some comments now from Secretary Rumsfeld and then Paul Volcker.



SECRETARY RUMSFELD: Thank you Strobe, for your hospitality and Paul Light for your efforts to promote the cause of civil service reform.

I was listening to your remarks and I take it that when you were talking about government, you were referring to the civil side of government, not the military side, because, as you know, the military is part of government and my guess is, from the surveys I've seen, the answers would come out somewhat differently if we looked at the military side.

Paul Volcker, it's good to see you as always, my friend. The Department of Defense does have a serious problem in the system for recruiting, retaining, managing the federal work force from the civilian side is clearly not working well. Some would say, broken. Paul Volcker put it correctly after he accepted the chairmanship of the commission, when he said that government, especially the federal government, is not a favored career choice among our best and brightest. We face a sharp build up in retirement of those who entered the federal government a generation or more ago and too many of the good and talented that are still attracted to career service leave too soon, frustrated by their inability to use their talents with full effectiveness.

This is very likely a problem across the federal government, as Paul Light has mentioned. But for DOD, which manages roughly a third of the federal civilian work force, it is more than a matter of good government, it's truly a matter of national security.

DOD's mission, of course, is to defend the country from those who might wish to do harm to us or our way of life. And our ability to attract and retain talented people and manage them in a way that utilizes their talent, their creativity and their innovative spirit certainly will determine how well we're able to do that defense. So the stakes are high.

The events of September 11 brought a new urgency, in my mind, to the task of civil service reform. Last year the President and the Congress worked together to create a new Department of Homeland Security with some updated personnel management practices. The task of fighting a (INAUDIBLE) war on terror certainly forces us to recognize that the time has come to bring those same kinds of innovative practices to the work of the Department of Defense.

The decades-old system of hiring, firing, evaluating, promoting, training and retiring DOD civilian employees is in urgent need of repair. Let me offer a few examples. Today the Department of Defense has some 320,000 civilian tasks that are being performed by uniformed military people. These are jobs that really should be done by civilians. That's more than two and half times the number of U. S. troops that were on the ground in Iraq when Baghdad fell. Why is that?

Well, it's because managers are rational. Managers in the Department of Defense, when they want to get a job done, they turn to the military, because they know they can manage the military personnel. They can put them in a job, give them guidance, calibrate them, transfer them from one task to another and guide how they perform.

Or they can turn to civilian contractors because they know, there again, that they can manage a contract. They can hire them. They can get them working at a task quickly without a host of beauracractic obstacles and delays. Today they can't do that with the civil service because the civilian personnel are really managed outside the Defense Department with a system of rules and requirements that were fashioned for a different era. And this really does put an unnecessary strain on the uniformed military personnel. To have 320,000 military personnel doing jobs that are not military tasks is not a good thing for the department.

It's not right. Especially at a time when you had to call up the National Guard, when we have to call up reserves, when we're telling people on active duty who are due to get out and have plans, that we have to put an effective stop loss and not allow them to get out. It also has to be demoralizing for the talented civilian employees that are used in the Department. People do come to work at the Department because they want to make a contribution to our national security. So when a challenge arises or a crisis occurs, when their skills or talents could be used and are needed, they want their phone to ring. But the phone doesn't ring.

Today, more often than not, it doesn't ring for them because of the outdated DOD civilian personnel system. For example, in Operation Iraqi Freedom, 83 percent of the civilians that we deployed into the theater were contractors. Only 17 percent were civilian federal workers. Why? It's simple. It's because, in most cases, the complex web of rules and regulations prevents us from moving DOD civilians to new tasks quickly and as a result, the Department managers understandably turn to the military or to civilian contractors to do jobs that DOD civilian federal employees could be doing.

Also, we're losing talented young people to private sector competitors. When DOD goes to a college job fair, the person at the next table from the corporation is perfectly able to look that person in the eye, offer them a job, tell them what the bonus is, tell them where they'll be working and when they can start.

When DOD interviews the same people, all we can do is offer them a ream of paperwork and promise to get back to them in three to five months. It should not be surprising that the most talented folks end up working somewhere other than the Department of Defense. This is a problem that's going to grow more acute with each passing year as the baby boom generation

employees retire. I'm told that over the next five years, up to 50 percent of the federal civilian employees in the Department of Defense will be eligible to retire.

In addition, the current system also prevents us from, for example, dealing effectively with fraud. Take the recent scandals regarding the abuse of government purchasing cards where government employees were found using government credit cards to buy televisions or CD players and the like. With DOD uniform personnel, when such an abuse occurs, we have the ability to garnish their wages, recover the stolen funds. Not so with civilian personnel. In fact, DOD has been negotiating now, I'm told, for over two years with more than 1,300 separate union locals for the right to garnish the wages of people who use credit cards for personal purchases. And we still have 30 more unions to go. It is unacceptable that it takes us years to deal responsibly with employee theft and waste of tax payer's money. If a private company ran its business that way, it would go broke. And it should.

Other examples I could one could site, but the point is this: DOD is working to deal with security threats of the 21st century with an industrial age organization that's struggling to perform in an information age world. And we simply aren't cutting it. DOD managers are not free to manage the civilian work force. The civilian employees are not being rewarded for merit. Civilian workers are losing opportunities to contribute as critical tasks are assigned to military personnel and contractors. We're wasting the skills of our uniformed personnel on civilian tasks, in the midst of a war and we're wasting tax payer's hard earned money to pay outside contractors to do tasks that could probably be better handled internally.

And we're losing talented potential employees to private sector competitors. This is why President Bush has asked Congress to work with Department to try to transform this system. And we propose the creation of a new national security personnel system. It's a merit-based system that will give the Department more flexibility and agility as to how it manages the roughly 700,000 civilians who work at DOD.

These proposals, I should add, are not coming out of the blue. They're not something that someone just sat down and dreamed up. They are based on personnel management system that Congress approved last year for the Department of Homeland Security. And they are also based on some 20 years experience with a number of successful congressionally mandated pilot programs and experimental programs in the Department of Defense that have involved something in excess of 30,000 employees over the years.

So the proposals that will be put forward are not new. They've been tested. They're bold, to be sure, but they, I think Charlie Ables here who is an expert on all of this along with David Chiu who was mentioned manned these programs before he came in to run them for the Department of Defense, I'm told that the employee satisfaction tests, surveys that have been done on these pilot programs that have existed over these past several decades, in fact have demonstrated that they have been very favorably received by the employees that have participated in them.

So Paul Volcker, we thank you for your leadership. We thank you for bringing this challenge to the attention of the American people and we look forward to hearing what you have to say.



PAUL VOLCKER: Thank you Mr. Secretary and every one here. This is quite an occasion. It is you, sir, who are bringing us, I think, more forcibly to the attention of the American public than we've been able to do from our particular vantage point.

I think (INAUDIBLE) and Paul Light's comments and Secretary Rumsfeld's comments you will have had a description of the frustrations that we've been hoping (INAUDIBLE) the civil service reform effort for some time. It was twelve years ago or so I guess when it was first commission in the public service where we had a rather elaborate commission, did a lot of research, had the support of Don Rumsfeld and many of his colleagues that are now in government, (INAUDIBLE) government.

What impact he had was, I think it's fair to say, limited. Although one of the things we did encourage with these experimental efforts in the Department of Defense which by in large, I think, proved successful. We will follow the decline in interest in serving the government. Paul Light described frustrations of the current situation where people have an interest in what we call public service broadly defined. But that's not usually translated into an interesting role in work in the federal government for a variety of reasons.

The most interesting statistic in this report that we issued in this recent effort at reform, a new commission on public service, was the fact that we have a personnel system that was designed for quite a different government. In 1950, more than 60 percent of the federal civilian work force was in the bottom five civil service grades. Essentially, administrative help. Support people. Fifteen percent were in the top grades. Now, this year, or when the statistics came out, those statistics have almost been reversed. Something like 15 percent in the clerical level and 56 percent, I think, in the top three or four levels of the government. Completely different, professionalized, managerial service as compared to the clerical service of 50 years ago.

But has the civil service rules, regulations changed? Not very much. So this is the barrier we're trying to get through. This new commission that we had, of a relatively short existence, deliberately we kept the numbers small, it was a very bi-partisan group, but we quickly came to the conclusion that a fairly revolutionary approach would be appropriate. That was the professional consensus.

At the same time, the President recognized, very dramatically, the problem with Homeland Security after September 11, and now we've had a follow up with the Defense Department, the biggest single employer proposing arrangements that provide the degree of flexibility I think that really is required in the current day and age.

After all the frustrations of trying to achieve some reform, I think now some combination of forces, we have an opportunity, the likes of which have not existed for many decades, to make a real and constructive change in the way the civil service is managed and the United States. And I can't tell you any more eloquently than Mr. Rumsfeld said, the importance of this, from his particular perspective in a department that obviously has enormous responsibilities in terms of national security interests and the national interest of this country in general.

The kind of challenge and excitement that there should be (INAUDIBLE) in civil service in that department, but also (INAUDIBLE) meeting the challenges before the government.

So you have the first experiment, sort of speak, (INAUDIBLE) beyond experiment in Homeland Security. We've got legislation for the Defense Department which I hope and believe will have a good chance of passing through to Congress achieving a delicate balance between the needed flexibility and the needed accountability and oversight that's important and I hope that those two initiatives are accompanied by a broader framework, making it easier to re-organize government more generally in its personnel practices, right through the administration. And we have legislation and it's in the House side of the Congress now, proposed legislation that would accomplish that purpose.

So I find myself I guess in my encroaching old age more optimistic about the chances for reform than I have been when I was younger and eager. But I think the need is clear. The intellectual, professional consensus is pretty clear. We've got our leadership now in the administration. Certainly in the Defense Department and elsewhere that amidst all the time and trouble and responsibilities Secretary Rumsfeld has, he comes here this morning to talk about good old dull civil service reform. And I think that just reflects the real importance of this subject to the United States now.

So I will leave it at that and be glad to participate in any further discussion that we're having.

PAUL LIGHT: We have some time for some questions here for the Secretary, Paul Volcker and myself. Yes?

QUESTIONER: Could you explain to me, we have parallel tracks going on. We have third way the President's agenda (INAUDIBLE) do you see traffic jam coming up? (AUDIO FEEDBACK)

SECRETARY RUMSFELD: You're right. In a department that size, there are a number of things taking place at once, but there's no doubt in my mind that the reforms that the President and the Department have put forward with respect to the Department of Defense would have the effect of having fewer military people and fewer contractors doing things that they need not do.

Which means that there would be more opportunities in the career civil service system in the Department of Defense. (OVERLAPPING REMARK).

I mean, if you think about it, 320,000 military people doing essentially jobs that are not things that they signed up to do when they put on the uniform.

PAUL LIGHT: (INAUDIBLE) service contractors, alone, and that doesn't include the contractors who are manufacturing things. That's just people who are actually delivering services; computer programming and so forth. Eighty percent of computer programming, information technology in the federal government now is done by contractors and one of the debates about strategic sourcing, as it's called, is who should be doing this work? And on what basis? And put all of the jobs in a basket and start to see which ones go where? Should they be military? Should they contract? Should they be a full time long serving career officer? What should it be? And this gives you the opportunity to do that kind of sorting.

SECRETARY RUMSFELD: And at the present time, managers really don't feel they have that choice. Which is why they reach for military people for non-military tasks. Because they can manage that segment (INAUDIBLE) the contractors.

PAUL VOLCKER: You should have to be forced to go outside because you can't get the right people inside for things that should be done inside.

QUESTIONER: (INAUDIBLE) many young people see that one of the benefits of government service is job security. May not have the benefits but one of the outstanding issues. Mr. Secretary, would job security be done away with? Do you see job security perhaps under the current rules as too much protection for sloth or ineptitude or do you think perhaps that should be done away with?

SECRETARY RUMSFELD: No. The proposals we put forward don't do that. Indeed, I'd like to comment on some of the things that have been said about the proposals that are inaccurate. I watch some of the debate that has taken place in the country on the subject and people have alleged that this would set aside civil rights legislation. That's just flat untrue. I was in Congress during the 60s and I voted for the civil rights legislation and there's nothing in any proposals we made that would do that.

There are allegations that it would set aside veterans' preference. That it would permit nepotism. And those things are just flat not true. There are people saying things about these proposals that are inaccurate and it seems to me it's important to read them and look at them and those basic safe guards are preserved in every instance. Isn't that correct, Charlie?

QUESTIONER: I would like to return to something that Paul Light said. As you know the board investigating this latest NASA shuttle disaster is apparently looking into the relationship of the agency's relationship with contractor. There's a worry that perhaps they were to rely on contractors. At the Defense Department, how do you feel about the role of contractors? Do you think the Department is relying too much on contractors and how do you put that in balance with what you want to see from your civil service employees?

SECRETARY RUMSFELD: My personal view is that there is a role for uniform military, there's a role for career civil service and there's a role for outside private contractors and that managers need to be held accountable. When they are asked to perform a task, they need to be held accountable for the performance of that task. And that they need choices and to the extent they are denied choices among those different categories, then it's very difficult to hold them accountable for the performance of their jobs.

One example might be that I looked the other day and the number of changes in the personnel, for example, managing major defense programs, over the life of a program, say the life of a program is 11 years in terms of the inception to delivery, it's too long, but let's say that it's 11 years. In private business, you might have one or two people see something like that true. And you would have continuity.

In the Department of Defense, the numbers are anywhere from seven to 11 people. Seven to 11 people are in these jobs for such short periods because often they are military, sometimes they're contractor, and they're changed. Whereas there clearly would be opportunity it seems to me for it to provide a greater degree of continuity on some of the programs if the managers had full range of choices.

PAUL LIGHT: It would be nice to strengthen the Presidential Department's process so talented public servants like Charlie Able don't have to wait forever to get in. That's part of the problem at the top of the government.

One of the things that we find in our discussions with managers is that they often turn to a contractor because it's the quick option and they can move quickly on it. I think that's a terrible reason to contract it. It's just a terrible reason. At any rate, other questions?

QUESTIONER: In the recently issued A76 Revision, isn't the strategic sourcing decision been made that the procedures in that circular are going to govern all employment decisions and outsourcing decisions for commercial employees? Those that are inherently governmental positions?

CHARLIE ABLE: I'm not the A76 expert in the Department. But I understood those things to be guidance to us and talk about a revision to the process as opposed to a road map to a decision. I think the decision still remains within the department with the managers as to when they go through that process to get to should this be an outsource job or an in-house job. But that's how I understood it.

PAUL LIGHT: The first version of the proposed revision was pretty broad in terms of giving agencies authority to declare a competition over before it began, basically, on sort of a wing and a prayer. The new revision is tighter and does not, I think, foreshadow a particular decision one way or the other. The notion is that competition has its salutary effect on both parties. It moves away from the arbitrary targets that OMB has been using to demand competition. I think that's a good thing and the new Deputy Director for OMB for management designates that Clay Johnson

has basically that he is moving away from arbitrary targets, which is another terrible reason to outsource.

QUESTIONER: Mr. Secretary, one of the interesting statistics you rattle off was that the DOD was negotiating with 1300 union locals to get rights to garnish the wages of civilian DOD employees who misuse purchases on travel cards. Is that true? What recourse does the DOD have given all the horror stories we've heard over the past two years of civilian abuse?

SECRETARY RUMSFELD: You ask me if that's true. And all I can tell you is that I did not go out and count each one of the 1300 nor can I absolutely guarantee that there is still 30 left. One might have signed last night. But Charlie Able tells me it's true. And it is a problem when one thinks of the amount of manpower and effort that goes into negotiating the 1300 separate unions on a thing like that and the amount of time it takes and the amount of loss to the tax payer during the period that we've wasted. How long has it been? Two years? And it's still not completed. Two years during which that capability on our part, which any manager would normally have that's paying a salary to someone, to not have that capability is not acceptable.

QUESTIONER: (INAUDIBLE) somehow union representation or protection for government workers should be dispensed with, for lack of a better way of putting it.

SECRETARY RUMSFELD: I don't. (OVERLAPPING REMARKS)

PAUL VOLCKER: No, we think there is room for discussions with unions for bargaining in some areas. This depends and should be handled flexibly. But the rigidity with which current civil service rules control some of these matters is just ineffective in terms of the efficiency of government and demoralizing, frankly, to many of the employees that feel frustrated because inefficient members of the workforce cannot be appropriately disciplined. Maybe a very small percentage, but nonetheless, the amount of time that it takes to do this discourages managers from doing anything about it. (INAUDIBLE) one kind of comment we got from all the experts of the (INAUDIBLE) there has to be some better balance in being able to manage the work force while protecting the work force against arbitrary actions and working with unions is obviously part of that.

PAUL LIGHT: One of the things that gets missed in this reform conversation is that the current system is really a manager's system. It protects managers from any sort of accountability for the actions of their units and work force. It's the managers who absorb the resources and create the paperwork and what we hear from the front lines workers is that they're the ones who feel under-resourced, they don't get the staffing they need to do their jobs. There are enormous delays in getting the jobs filled side by side. They are the ones that pay the extra price from the delays. It's the front line that suffers. This current civil service system really enshrines managerial arrogance to a certain degree by protecting managers against any real accountability for what their work force does. This one has a lot of debate around the union issue but generally speaking getting resources down to the bottom of government is absolutely a help to the front line employee.

Well take two more questions here.

PAUL VOLCKER: Just a quick comment. It's not related to unions but where the federal government really falls short in personnel policy, one of the areas, is in training and education. It just is no where need what the typical private employer does in training programs and opportunities for their employees. And I think this Department of Defense proposal will provide much more scope and incentive to provide the kind of training, which in fact the military gets, but the civilian employees don't.

QUESTIONER: Mr. Secretary, the (INAUDIBLE) requires a very (INAUDIBLE) response because I imagine (INAUDIBLE) national security (INAUDIBLE) especially in (INAUDIBLE) procurement. But while on the other hand there are government budget (INAUDIBLE) operating with annual based budget, how do you put this new concept with the capability based approach into official context that you can pass between this flexibility and the national security needs and this rigidity that remains in the governmental budget system?

SECRETARY RUMSFELD: In question, (INAUDIBLE) right on the mark. (AUDIO IS BAD) The question is an important one and you're exactly correct. What we've tried to do is adjust our defense strategy so it is a capabilities based strategy rather than a threat based strategy and we're able to do that with a reasonable amount of skill with respect to the military forces, the armed forces, the uniformed military personnel. It is much more difficult to do it with respect to the procurement system and it is much more difficult to do it with respect to the civilian employees because it does required and call upon us to be able to demonstrate a much greater degree of flexibility and agility and to the extent that you are not able to move as rapidly., whether it's, we're dealing with terrorists that can move information by an e:mail, they can move money with a card, and a bank transfer and they can move themselves with jet aircrafts. And yet this process we have, we're not able to move one person to another spot without enormous difficulty. And the things that inhibiting us from being able to fully adapt our strategy to a capabilities-based approach certainly are central with respect to civil service reform issues.

QUESTIONER: Mr. Secretary, Mr. Volcker spoke about the efficiency of the private sector versus the government sector, do you see a way down the line where a portion of the work that is being done by the 700,000 civilian employees is actually seeping into the private sector, somewhat privatized to make it more efficient?

SECRETARY RUMSFELD: No, I don't. I tried to mention earlier what I think. What I think is very simple. I think that managers are charged with responsibility. Those managers ought to be held accountable for their performance. They ought to have choices as to how they do things so that they can select the particular approach that makes sense for the task at hand. In some instances, that means that you need a uniformed military person. In some instances, it means that you're much better off using a contractor because it's a relatively short term activity or you need the flexibility that that provides.

In the number of instances, it means that you want to have permanent career civilians, civil service people performing those tasks. And I don't think that anyone is smart enough to pre-judge what it will do over the long run given managers this kind of authority and responsibility. Other than being able to say with reasonable certainty that it will then enable us

to hold them accountable, which you can't today as Paul Light mentioned. Second, it will enable the tax payer's dollars to be spent more efficiently and third it will enable the Department of Defense to perform its tasks in the manner that is appropriate to the seriousness of the responsibility of this Department.

What it will net out over time in terms of pluses or minuses in the categories I've described, career civil service, uniform military and contractors, I can't look out beyond five or ten years, but there's not doubt in my mind that it would lead to an increase in the number of civil service employees in the short term just by virtue of the numbers I've cited.

If you've got 320,00 military people performing civilian tasks that could be performed by civilians and if you know for a fact that managers are reaching out to contractors to ask them to do things that could just as easily or better be done by career civil servants, then one has to assume that the net result of these approaches would, over a period immediately ahead, result in a net plus for the career civil service.

QUESTIONER: This is open to the panel. I was wondering as a young volunteer myself, not in the military, but we all know the military has seductive benefits, I would say, to get an education. And Mr. Volcker was talking about getting an educated civil service people to work for the government. Are there any plans in the network being proposed to have similar benefits to people who volunteer domestically and like Americore members, as far as getting them the education that they need and benefit similar to like a G.I. Bill?

PAUL VOLCKER: Well, I haven't thought of benefits in quite those terms. You have a big problem with paying for people (INAUDIBLE) who go in the government where there is some effort to deal with our problems. The education I was thinking of is education that's relevant for their work in the government. So they can do a better job and more easily get promoted and do a better job when they are promoted. I think the government has (INAUDIBLE) locally (INAUDIBLE) and many departments, anyway, in that area. There certainly hasn't been the emphasis on developing the manpower that exists in developing the people who come in the government with some eagerness but they don't find themselves equipped with all the tools that they are going to need. And there ought to be an opportunity to go back to school and programs of that sort. (INAUDIBLE) in my terms, of their job opportunities rather than (INAUDIBLE) educational things (INAUDIBLE).

PAUL LIGHT: The federal government currently has authority to provide loan forgiveness and recruitment bonuses, but there's not money. And on this kind of reform that we are talking about today, it's going to be utterly useless to do any kind of reform, no matter how well it's designed and I think Charlie and Ginger and David have done a terrific job on this proposal. I think Congress has some ideas for improving it and I'm more an Article 1 person than an Article 2. But if the resources don't eventually flow down to the bottom of the agencies in terms of dollars for training, dollars for recruitment, dollars to create a more porous work force where people can choose to spend five years in federal government and go to a non profit or go private and move back and forth. Because that's what the work force today wants. It wants the ability to cross sectoral boundaries several times, multiple times in career. Like the gentlemen here at this podium.

So, if we don't see the resources flow to the bottom, this will have been a mistake. But, I'll tell you something. Right now, this is the something that's better than the current system by far. The current system is just a disaster in responding to the kinds of needs that we've talked about today.

It's a good place to end. I appreciate Paul and Mr. Secretary attending. Strobe Talbott. We are adjourned. Thank you.

(END OF SESSION)