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PARTICIPANTS:

Welcome and Introductory Remarks

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Keynote Address

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P R O C E E D I N G S

MR. WEST: Good morning. I'm Darrell West, Vice President of Governance Studies and Director for the Center for Technology Innovation at Brookings. I'd like to welcome you to our Second Annual A. Alfred Taubman Forum. This series was established through the generosity of A. Alfred Taubman. Al and his wife Judy are here with us this morning, so please join me in expressing our appreciation to Al and Judy here in the front row.

(Applause)

MR. WEST: Our goal in this forum is to bring together leading experts to discuss difficult public-policy issues. The United States faces major challenges in education, health care, the economy and foreign policy. We have high unemployment, huge budget deficits and major problems in terms of economic development, education and health care.

In our first forum last year we focused on a topic with the potential to make a huge difference in a wide variety of policy areas, science and technology. Brookings has established a new Center for Technology Innovation which I direct that looks at ways to boost innovation and use technology to improve health care, education and public-sector performance. This year we decided to focus on an equally big topic which is how to improve government performance. We are at a crisis point in the United States. We have a \$1.5 trillion federal budget deficit. We have \$13.5 trillion in long-term debt. The public has low confidence in government. A CNN survey found that 86 percent of Americans feel that the federal government is broken.

Against this backdrop we are pleased to welcome Jeffrey Zients to Brookings today to discuss ways to improve government performance. Jeff as many of you know is the Chief Performance Officer of the Federal Government. He serves as Deputy Director for Management in the White House Office of Management and Budget. His mission is to improve performance across the federal government. Recently he was asked by President Obama to lead the review of an effort to streamline the federal government. He has been asked to report back to the President in mid-June with some specific recommendations especially in the areas of trade and exporting where there now are a dozen different departments and agencies that work in this area.

Prior to joining the Obama Administration he worked as CEO and Chairman of the Advisory Board Company and he also served as Chairman of the Corporate Executive Board. These firms are leading providers of performance benchmarking and best practices across a wide range of industries, so that of course is great preparation for the task that he currently faces in his current position in the public sector. Please join me in welcoming Jeff to the Brookings Institution.

MR. ZIENTS: Thank you, Darrell, for that very kind introduction, and thanks to all of you for getting up so early and joining us here today.

As Darrell mentioned before, working in government I led two companies. Both of these companies helped large, complex corporations improve performance and achieve operational efficiencies. But what Darrell didn't mention is the even more complex organizational challenges that I face

each and every day. My wife Mary and I are raising four kids and a variety of pets, a wide variety, three dogs, one bird, three chinchillas and a handful of fish. In fact, if you were drop by my house this morning for breakfast you'd probably feel like you were entering a zoo with no zookeeper and you'd have some serious reservations about my role as Chief Performance Officer.

In all seriousness, while I enjoyed my time in the private sector, I always wanted the opportunity to serve in government. So when I got the call 2 years ago asking if I wanted to be a candidate for the role of Chief Performance Officer the move felt instinctively right. It was clear to me from the very beginning of the administration that President Obama is committed to truly transforming our government. It was clear that he was committed to doing what it takes to make it work better for the people it serves and for the past 2 years the President has driven that priority at every opportunity.

It's what he talked about in his Inaugural Address when he said, "The question we need to ask ourselves is whether our government works. Where the answer is yes," he said, "We intend to move forward. Where the answer is no, programs will end and those of us who manage the public's dollars will be held to account." It was what the President was talking about in his State of the Union address in January when he spoke about winning the future. He spoke about outinnovating, outeducating and outbuilding our global competitors and making America the best place on earth to do business and taking responsibility for our deficit. At the end of that speech he stated, "We can't win the future with a government of the past, but unfortunately right now in many

ways that's exactly what we have. We have a government of the past." As many of you know, the last major reorganization of the federal government took place during the Truman Administration mainly through the work of a commission led by former President Hoover. Changes to our government since then have generally been smaller and more targeted. We've seen departments created in response of the moment or to fulfill a campaign promise. We've seen big departments broken into smaller departments which over time have grown into big departments. Rarely have we seen departments or agencies downsize much mess eliminated.

But step back and think about how much has changed since the 1950s. As the President put it in his State of the Union, "That was the age of black and white TV. This is the Information Age. We've seen the rise of the internet, the globalization of our markets, the explosion of our deficit, the aging of our population and the transformation of our national-security landscape. Our lives today are totally different from those of our grandparents but our government isn't, because while the times have changed in many ways, our government hasn't. We still have roughly the same overall structure that Herbert Hoover designed six decades ago. We've just added layers of new agencies and programs over the years. And no matter where you fall in the political spectrum, whether you consider yourself a Democrat, a Republican or none of the above, we can all agree that if we were starting from scratch we'd likely wind up with a very different mix of agencies and departments."

The problem here isn't just how the government is structured but how well it works. Our government is filled with talented, dedicated public-minded employees. They've chosen this career path because they want to help people. They've chosen it because they want to serve the country. But for too long many of their best efforts have been undermined by outdated systems and by outdated process that waste taxpayer dollars and don't deliver results. The truth is that the revolutions in technology and operations that have transformed the private sector haven't always found their way into government. Think about how the best companies operate. These companies are constantly evaluating their performance and changing their practices to improve their products and boost their bottom line. They're constantly restructuring to operate more efficiently and provide better customer service. They're continuously seeking out and embracing the most cutting-edge technologies available. That's how they've increased productivity year after year. That's how they compete with other companies around the globe.

Compare that approach to what we've seen in the federal government over the last few decades. Let's start with technology. Despite spending more than \$600 billion over the past decade on information technology, government productivity has remained relatively flat and that's because while we've spent a lot of money on technology, we didn't always spend it wisely. Over the years, government IT projects have too often been overbudget or behind schedule or simply haven't worked. For example, following the 2000 census, the Census Bureau decided to invest in developing handheld technologies to help

workers do their counts, but after spending tens of millions of dollars, they ran into timing and development problems. So in 2010 in an era of smart phones and high-speed wireless, our census takers were pounding the paper with pens and paper.

Then there's the problem of waste. Take improper payments. These are the tens of billions of dollars that the government has made each year to the wrong people or in the wrong amount or without the proper documentation. Believe it now, these include payments made to people who are dead or in jail and to companies that have actually been barred from doing business with the federal government. Then there's the waste and inefficiency from overlap and duplication within and across agencies. There are dozens of programs and offices throughout the federal government that are providing overlapping services to the same populations and they each incur their own administrative and program costs. For example, we have 38 small, narrowly focused K-through-12 education programs that largely duplicate each other and aren't focused enough on outcomes and getting results. All of this would be unacceptable at any time. These are taxpayer dollars we're talking about and we have a responsibility to do them wisely. But it's particularly unacceptable today when we have a pressing need to rein in our spending and reduce our deficits. When families are watching every penny and making hard choices, they have a right to expect their government to do the same.

All of this goes beyond waste. When the government doesn't work as it should, it affects everything from whether small businesses can get

loans, to whether students can get money for college, to whether our men and women in uniform can get the benefits they've earned. So when it comes to the organization and performance of our government, I think we can all agree that we're at a critical moment, and more importantly, a moment of opportunity. The question is what are we going to do about? The question is whether we're going to what it takes to build the government we need for the challenges we face.

I'm here today because I'm confident that we will. I'm confident because of the leadership I've seen at the very top, and I'm confident because of the progress we've already made. When President Obama took office he launched a government-wide, top-to-bottom effort to improve efficiency, to cut waste, promote openness and make government work better for the American people. We started by going through the budget line by line with the goal of keeping programs that work and cutting ones that don't. In our first 2 years in office we identified 120 areas to streamline or cut for a savings of about \$20 billion each year and we got an unprecedented number of these cuts put into law. In this year's budget we've proposed more than 200 cuts, terminations and reductions that would save more than \$33 billion. For example, remember those 38 different K-through-12 education programs that I mentioned earlier? This year's budget proposes consolidating them to 11 programs and it eliminates another programs that are duplicative or are no longer needed. This will save us money and better serve our students.

We're also tackling those improper payments by deploying the same kind of cutting-edge fraud-detection tools and audits used by the private

sector and we're creating a government-wide do-not-pay list designed to prevent those payments to dead people and others who shouldn't be getting checks from the government. Last year we recaptured almost \$700 million and avoided billions more of these payments.

We're also making it easier for people to access vital information with a website called data.gov. We've already posted more than 300,000 datasets from toxic release levels, to crime rates, to data on consumer product recalls of everything from food to prescription drugs to motor vehicles, and innovative citizens and companies are now taking that information and using it to create new applications. For example, someone took FAA flight data and weather data that we posted, combined it with Twitter feeds from people standing in security lines at airports and created an app that tells people when they should leave their home or office in time to make their flight. Government agencies are using this information as well. The Consumer Product Safety Commission took the product recall information I just mentioned and created a new application. This application allows you to use your smart phone to scan a product's barcode and immediately find out whether the product has been recalled. So today an expectant mom can walk into a store, scan the barcode on a crib and find out whether it's safe or not. As you can see, we're finally starting to bring our government's technology into the 21st century.

At the beginning of this administration President Obama named our first even government-wide Chief Information and Chief Technology Officers and over the past 2 years we've conducted in-depth, nuts-and-bolts reviews of

more than 50 high-priority government IT projects. We've terminated some projects altogether and we've streamlined others, cutting unnecessary bells and whistles that waste money and don't deliver results. Overall we've cut delivery times in half and we've reduced the overall budget for these projects by \$3 billion and counting.

We also recently announced a new initiative to sell off excess government real estate. The government is the country's largest real estate owner and has billions of dollars tied up in thousands of buildings and properties that are no longer needed. We're talking about entire office buildings and warehouses standing empty, but for years it's been far too hard to get rid of them. There are just too many political and bureaucratic hoops to jump through. So we're wasting money securing, maintaining and paying energy bills for properties that aren't even being used. Just month we proposed a very simple plan to put an end to this. We want to establish an independent board that would make recommendations to Congress on bundles of properties to sell. Congress would then take an up or down vote. This new approach would save us \$15 billion over 3 years.

Finally, we're transforming our approach to government contracting. Over the past decade the amount of goods and services our government contracts out or has literally doubled. It now exceeds \$500 billion a year. But last year for the first time in 13 years, we actually decreased contract spending by \$15 billion. We did this in part by having agencies pool their purchasing power. The federal government is the world's largest purchaser but

we've previously failed to take advantage of this. Take the very basic example of office supplies. More than a hundred federal organizations have been purchasing these supplies separately the same way a hundred medium-sized businesses would and they've been paying significant different prices on any given day for the exact same pens and paper. We're changing this with a new government-wide contract for office supplies that leverages our purchasing power and will save the average agency 20 percent off the prices they have been paying.

We've made real progress and we're proud of what we've achieved, but we also know that this is just the beginning. As President Obama said in his State of the Union, "When it comes to transforming our government, we need to think bigger." That's why the President has instructed us to develop a proposal to organize the federal government in a way that best serves the goal of a more competitive America, and as Darrell said, he's asked us to start by focusing on the parts of our government that handle trade, exports and business competitiveness. The President has set a goal of doubling exports by 2015 and we want to make sure that our government is doing everything possible to help our businesses meet that goal, to help them get their products to markets around the world so they can create jobs here at home. That's precisely what many of our global competitors are doing. Like us they want to boost their economies, like us they want to reduce their deficits so they're cutting waste and streamlining their operations and they're restructuring their governments to focus on making the businesses more competitive.

In recent years countries from South Korea to Germany and the U.K. have all undertaken major reorganization efforts to better promote trade and exports and here in the U.S. it's increasingly clear that we have good reason to do the same. Right now there are at least 12 different government agencies involved in trade and exports and many of these agencies are doing much of the same thing. For example, a half-dozen agencies play a role in promoting our exports abroad, and as a recent GAO study highlighted, there are 80 domestic economic-development programs, 52 of which fund entrepreneurial efforts. All together the departments and agencies that focus on trade, exports and business have more than two-thousand local, regional and partnership offices and many of these offices are using outdated technologies and processes. So if you're an American business, particularly one of our millions of small- and medium-sized businesses, you often don't know where to begin. These companies are the engines of innovation and job creation for our economy but many of them don't have the financing relationships and overseas relationships they need to sell their goods abroad and they very much want help to make these connections. They want to help to figure out what markets are best for their products and how to compete in those markets, but many of them have told us that they simply don't have the resources to figure out which government program at which agency can help them. They don't have time to visit multiple offices or fill out multiple forms.

So while we're very much at the beginning stages of our work and we do not have preconceived notions of what changes should be made, we know we can do better. We know that it's been far too long since we've taken a hard

look at the structure and organization of our federal government. We know that other countries are pulling ahead and if we don't act we risk being left behind. And we know we have a real opportunity to better support our businesses so we can create jobs and strengthen our economy.

However, we also know that the answer isn't moving boxes simply for the sake of moving boxes. We know there are very real costs that come with any kind of restructuring or reorganization particularly in the federal government, so any changes need to bring significant benefits. To get this right, we'll need ideas, input and advice from as many stakeholders as possible. That's why we've begun this process by reaching out. We've been talking to businesses of all sizes to hear about their experiences with our government. We've just launched a website where government employees can share their ideas and advice because those on the frontline often know best what's working and what's not. We're speaking with agency heads, former cabinet secretaries, unions and good-government experts, and we're meeting with members of Congress and their staffs and we'll continue to do so going forward.

Finally, I want to be very clear that we have no illusions about how difficult this will be. We also know that we're at a unique moment in our history, whether it's our unsustainable deficits or the unprecedented challenges we face, the fact is that our country cannot succeed in this new century with a government from the last one. We can't keep doing what we've been doing. Failing to act simply isn't an option.

With that I want to thank you for having me here today and I'll welcome any questions you have and I certainly welcome any ideas or advice that you have. Thank you.

MR. WEST: Jeffrey, thank you very much for your remarks. I know on this institutional review you're not going to report specific recommendations until mid-June, but I was wondering if you could describe your approach. For example, Ed O'Keefe reported this morning in "The Washington Post" that last Friday you emailed federal employees to solicit their ideas and that you already have gotten several-thousand suggestions from them. Can you describe how you're doing this review, and you focusing just on the trade and exports area or is this really a government-wide review?

MR. ZIENTS: This first phase is focused on trade, exports and business competitiveness, so those agencies that assist businesses to compete both domestically and abroad. The approach here is to start by listening and understanding from frontline employees as you mentioned, Darrell, from agency leaders both current agency leaders and past agency leaders, from folks like Brookings and other think tanks and good-government experts, what's working, what isn't and have this really driven from the customer's perspective. I think certainly when you undertake this kind of exercise in a corporate setting you start with how do you better serve your customer and I think the same applies here. So understanding businesses and how we're serving them and where we can serve them better and help them compete is essential to this.

The first phase of this work is really understanding by getting a lot of input from those who know best what's working and what isn't and then off of that base we'll drive toward recommendations as you said by early- to mid-June.

MR. WEST: Why don't we open the floor to questions and comments? We have somebody with a microphone who is going around. We have a question over here, and if you can give us your name and your organizational affiliation.

MR. CURTIS: I'm Keith Curtis. I'm with the American Foreign Service Association. We represent 16,000 Foreign Service Officers. I certainly welcome and appreciate this new look at the work being done in trade promotion and the vital role especially because I think it's very important for the public to understand the important work that's being done and hopefully that will be part of the process when they think through how the reorganization should take place.

My question you sort of addressed, but I'd like to hear a little bit more about the approach to Congress. Of course, the difference between business and government is a little word called politics.

MR. ZIENTS: Yes.

MR. CURTIS: So that there are a lot of vested interests here that will be difficult to overcome just to produce a rational reorganization. I'd be interested in knowing how much you're working with the Congress and how you expect to overcome that. And let me tuck in one other question if I could quickly.

MR. ZIENTS: Please.

MR. CURTIS: There is almost always an upfront cost for reorganization so it may cost more in the beginning, and this is a very difficult period to ask for that, to gain efficiencies down the line just as it would be to implement a new system.

MR. ZIENTS: Yes.

MR. CURTIS: Do you think that the political will is there to sustain that kind of upfront cost for reorganization?

MR. ZIENTS: Let me take your second question first and I'll circle back to Congress. Keep me honest. I think you're right that the benefits first of all have to far outweigh the costs. The costs are known. Both short-term and medium-cost of reorganizations you can detail out with a fair amount of certainty. It can't be a 51/49. The benefits have to far outweigh the cost. I would hope that if we have a compelling case which I believe we will that benefits far outweigh cost whatever we recommend, that to the extent there are short-term transition costs that those can be funded.

It's very similar to the situation in real property that I mentioned. One of the reasons that agencies have trouble selling the real property they don't need, there are a lot of reasons, there are political hurdles, there are bureaucratic hoops, but another is that they don't have the short-term money to fund moving costs or transaction costs given how our budget cycle works. So in our proposal we're creating a working capital fund because a little bit of money spent in the present could have a huge payback in terms of selling properties and returning money to the Treasury and also decreasing our maintenance and energy costs.

That is in some ways a microcosm of what you're talking about. Again we don't know what we're going to recommend, but if we recommend something that does have short-term costs but a compelling case for long-term benefits, I would be optimistic that we can find the short-term working capital if you will to fund the transition cost to that better state.

On Congress, I mentioned it in my prepared remarks, we are meeting. We've had more than a dozen meetings already with congressional staff and we're starting to do meetings with members and we plan on keeping Congress involved through this process. As you said, it's very possible that some of our recommendations will require legislative action. At the same time, we want to make sure that we are understanding what we can do administratively to make things better.

MR. CURTIS: Thank you.

MR. WEST: There is a question over here.

MR. COURTNEY: Bill Courtney with Computer Sciences Corporation. Since 9/11 there have been two major reorganizations following different models with the Department of Homeland Security. The Secretary of Homeland Security has full control over her component organizations. The Director of National Intelligence does not have full control over his component organizations. Do those two models have any insights for you as you move ahead in terms of lessons learned for future reorganization?

MR. ZIENTS: I think we are studying reorganization efforts that have happened here, reorganization efforts that are happening internationally,

and absolutely part of it is my wiring from the corporate sector where the basis of those two companies was best-practice research and trying to figure out what's worked and what hasn't worked. I think with the Department of Homeland Security, it appears that strategically it was a good direction to head in. At the same time, as GAO and others have pointed out, the execution is difficult here or the integration in ensuring that they get the benefit of that consolidation. So, yes, throughout this process we are very mindful of what's worked and what hasn't historically both in our own experience here which has been somewhat limited as I mentioned because the last major reorganization was more than a half-century ago, but also what's happening overseas as the U.K., Germany, South Korea and other countries take a hard look at how they're organized.

MR. WEST: There is a question in the back right there.

MR. MANNING: Thanks very much. Nick Manning at the World Bank. Two questions. First on the comparison with other OECD public-sector reforms, there is something quite attractive about what you're describing primarily it is frankly so incremental. It sounds like a little bit here, a little bit there and there is an opportunity here and there you'll seize it. Those of us who come from the U.K. and are slightly exhausted by constant churning of public-sector reform with little more behind it than a PowerPoint to cabinet, it's rather nice to see a somewhat more measured approach. But is this enough? Doesn't it feel a little too modest, to incremental which is one question.

The second is that you mentioned at the beginning of your remarks that government productivity has remained flat. It's a nice line in that

sort of presentation, but how do you know? That requires more than just a case study comment about the census.

MR. ZIENTS: Let me do the productivity first and the incremental second. On productivity, the U.S. government stopped measuring productivity a decade or two ago in part because it's very difficult and in part because it was ironically part of a budget-saving effort. What we know is that private-sector productivity has compounded 1-1/2 to 2 percent a year, year over year. That's how we're all able to buy products that are cheaper and better at the same time.

What I said in the speech where I chose my words carefully was that it's been relatively flat so that we can't say that federal government has been flat per se, but if you think about the compounding and the effect of that compounding for that private sector and I think it's fair to say a much lower rate of productivity gains that ends up with a relatively flat curve and certainly a large gap between the two. Some have studied it. McKinsey has done the best work in this trail and the McKinsey Global Institute has certainly several times talked about that productivity gap between the private sector and the public sector.

MR. MANNING: That might be right. It might also be worthwhile looking at the Eurostat work. You probably know that all E.C. countries are required to report on their output measures in the national accounts and the idea of this is to gradually drive the European Union to more coherent measures of productivity and on those two things emerge. One is that no government has apparently managed to improve its productivity very well and, two, the conceptual

and measurement problems are just massive. I suspect there's a problem in terms of --

MR. ZIENTS: We would be in agreement that it's difficult to measure and that there's a gap. I think also if you were to tour a typical government operation, not all, but a typical one, I think you would be struck by the lack of technology and the lack of streamlined processes. The VA processes its benefit claims largely by hand, manila folders are stored in metal cabinets and folder stacks 6 to 12 inches high are passed from metal desktop to metal desktop which is not the kind of process that you would see in transaction-oriented businesses certainly. I think that it's fair to say that it's not only driven by technology and it's always wrong to start with technology as the answer, but I think we are well behind on the adoption of technology and that that's contributed to this productivity gap between the private sector and the public sector.

As to incrementalism or the approach, I think that if you think of our work as the work we've doing for the last couple of years where we've been making gains in contracting, reducing improper payments, working to streamline our IT projects both to save money but more important to deploy IT to help with productivity, the work we work we're talking about on real property, all very important work that contributes to better government and saving money. That's not the stuff of radical change, it's more incremental progress and I think we're making very good incremental progress and it matters. As the President stated in the State of the Union, we need to think bigger, I think the effort that we're undertaking here to look at organization and structure is very much consistent

with that. At the same time we want to be focused and we want to prioritize, so rather than attempting to take on the whole of the federal government, we focused on very important terrain, the terrain of trade and exports and business competitiveness, and again while we don't have perceived notions, we're thinking broadly here not to jump ahead to where we're going to be in June.

MR. WEST: You can do that if you want.

MR. ZIENTS: But certainly everything is on the table in that terrain so that I think we have a nice mix of making day-to-day progress and taking a hard look at how we're structured and organized.

MR. WEST: There is another question right there on the aisle.

MR. WISE: My name is Dave Wise from GAO. I had a question referring to your statements about federal real property, and correctly as you state there's a lot of it out there that's underutilized or even unused at all. But as you alluded to in your statement, there are a lot of barriers that affect the ability of the federal agencies to shed itself of all of these properties or unused properties and I wondered how the administration or if it's been thought through about some of the barriers, things like the McKinney-Vento Homeless Act and public conveyance laws and other kinds of legislative mandates that in many cases result in the agencies being unable to realize proceeds from selling the property although they may get out from under the O&M or the maintenance costs. I wondered how that plays into the proposal and where do you think that might be going?

MR. ZIENTS: That's a very good question, and as you know, federal real-property management has been on the GAO high-risk list for several years now. We've made good progress because we at least have our arms around how many of these properties are excess or underutilized and we've put together the data and now we need to act on the data. We are working to push through the sale of these properties. The President put a stake in the ground about a year ago that we would sell 3 billion civilian plus the \$5 billion of BRAC properties by the end of 2012 and agencies are executing against those goals.

At the same time, some of the laws and regulations do make sense on some properties, but right now we have a one-size-fits-all. All of the bureaucratic hoops and political hoops have to be done and whether it's an empty warehouse or a downtown office building, things are treated the same way. What we've proposed, and this requires legislative passage, is an independent commission that can look across agencies, find properties, create bundles of properties for an up-or-down vote so that this is modeled after the BRAC process, and that will assuming Congress passes this legislation which we hope they do soon, save us \$15 billion across the first 3 years.

MR. WEST: Have you gotten any reaction from Congress so far on its interest in that proposal?

MR. ZIENTS: Yes. We've done a lot of meetings on the Hill and there is a lot of interest. It's bipartisan interest, and with a lot of our terrain there's bipartisan interest. You can be a Republican or a Democrat and be interested in how can we get the biggest bang for our buck, whether that's in

contracting, real property, reducing improper payments, these are terrains that we can all agree to work on together. We've also reached out to the business community to help on best practices in these terrains and have made a lot of progress there and just had our first meeting of the President's Management Advisory Board which is a group of 10 CEOs across different industries, a presidentially appointed board. For the first time we have a board of businesspeople who are going to help us on a regular basis help bring in private-sector best practices in the areas where they apply, and they don't apply everywhere, it's a different sector, but we've found that there is the opportunity to accelerate our efforts through the adoption of some corporate best practices.

MR. WEST: There's a question right here.

MS. BROWER: Kate Brower with Bloomberg News. How does an opening for the Secretary of Commerce create an opportunity to change that department including moving USTR into the congress department? Also what are some of the options on the table? It's been reported that they could be as broad as getting rid of some cabinet departments and moving things around. Can you give us a scope of what you're looking at?

MR. ZIENTS: All of the cabinet secretaries from day one of the administration and other leaders across government have signed on with the understanding that the President has made this a very top priority and cabinet secretaries and deputy secretaries have been central for driving our reform efforts across. Secretary Locke as you mentioned is becoming the Ambassador to China which is a very important post so that we'll enjoy working with him

throughout this period of time when he's still in seat and with his predecessor because, again, reaching out the agency leaders and the frontline folks in their agencies to understand what's working and what isn't working is central to what we're doing.

You mentioned USTR. We do not have plans at this point as to what our ultimate recommendation is going to be, but as I said, everything is on the table. We're taking a hard look and we're reaching out and getting input from lots of folks so that I don't want to jump ahead to what we ultimately recommend here.

MR. WEST: There's a question right there.

MS. SIEGEL: I'm Jane Siegel with the International Trade Administration. Some of the techniques or one of the techniques in the private sector is creating high-performance teams. To what extent do you think that could work in a government agency?

MR. ZIENTS: Tell me more.

MS. SIEGEL: High-performance teams in my view take people from various disciplines, knowledge bases, sectors, put them together in a room, plant a flag and say get there. Government is structured where there are many stovepipes left. People are in cubbyholes.

MR. ZIENTS: Yes.

MS. SIEGEL: They don't see across. My experience has been that you see a lot of things that can't get done because of this lack of ability to work freely across these barriers.

MR. ZIENTS: Absolutely. There are always going to be different departments, agencies and bureaus because we need their expertise so that there is always going to be the need for coordination and high-performance teams. When I think about the significant progress we've made across the various areas, it's all been driven by high-performance teams working both within agencies and across agencies. I think we do do a good job today through the various coordinating bodies that exist in those 12 agencies. At the same time we're stepping back and asking, is coordination enough or are there opportunities to change things either through technology or through organization? But at the end of the day it's all going to be driven by leadership and teams working together whether the structure changes or not.

MR. BURKE: Thank you. My name is Wayne Burke from the Open Forum Foundation. You mentioned reaching out to the business community, to the public and to the line workers. There is a lot of information to be pulled together in doing that and I'm curious as to what technology you're using either computer-based or not to pull that together, to reach out to them and also to aggregate the information to make sense out of it.

MR. ZIENTS: I'm blanking on the name of the technology that was the backbone of the SAVE Award where we gathered tens of thousands of ideas, where we had government employees refine each other's ideas and vote on the ideas, but that technology has proven to work outside of government and has proven to work within government. Many agencies now are running these same types of contest if you will to find ideas on how to improve services. It's a

great technology. It's collaborative and you have people refine the ideas and make them better and then ultimately the best idea surfaced through voting so that it's been proven to be an effective and efficient technology.

MS. KAPLAN: Rebecca Kaplan from "National Journal." I was wondering if you could talk a little bit more about some of the upfront costs that are going to be involved with the reorganization. As the President essentially given you a blank check to work on this project or are there some sort of limitations you're working with? And where is this money going to come from? Is it going to be planned for in the 2012 budget or how are you going to go about getting the funds?

MR. ZIENTS: I think those are two different questions. One of our first questions was about if we come up with a plan and if that plan has some short-term transition cost associated with it, how do we fund them, and that absolutely would be part of the budgeting process. Again I think if the case is compelling that the medium- to long-term benefits are significant, I would hope we'd see our way to make a short-term transition cost investment in order to have significant long-term benefits in terms of improved efficiency and effectiveness.

As to the project itself, it's a gang of a half-dozen folks who are on this full-time. We're tapping into the Office of Management and Budget and the 500-person staff we have at OMB that has a lot of expertise. And then most importantly we're working with agency leaders and we're working with the frontline as we just talked about, so that there is no significant cost associated with this planning process.

MS. KAPLAN: To follow-up, once you formulate this plan with specific recommendations in June, it does require upfront costs and where does that --

MR. ZIENTS: I think that's the question I answered, upfront. That would be through the budgeting process.

MS. KAPLAN: 2012 is completed, so would this be more 2013?

MR. ZIENTS: Through the budgeting process, yes, and it will depend on when those costs kick in and when Congress passes legislation if it requires legislation, we do that through the budget process.

MR. WEST: I think we time for one more question.

MR. SHUTLEY: I'm Pete Shutley from Brookings, and truth in advertising, 29 years of federal government service at the State Department and Defense. I commend you for your work, but I suggest there are two elements that deserve to be added to your efforts to improve government. One is the public has no clue what they get for their tax dollars from government services. When you have members of Congress say we can abolish the weather service, we don't need the weather service because we can it all off TV, and right now I would say probably 99 percent of the American public had no clue we got warnings of the tsunami hitting the west coast because of NOAA buoy ease (?). Lots of new folks in Congress want to abolish all of NOAA and had no clue that those buoys protected lives on the west coast. So if the public knew what they were getting from their government service, I think the standing of the federal

government would be significantly higher. They should market themselves better.

Point two. Congress budgets shortchanges federal agencies and then blames them for not doing their jobs. Two quick examples. FDA keeps getting cut and then people wonder why there are spinach outbreaks. Why haven't you traced the spinach from the farm to the grocery store? Because there is no money. You mentioned Commerce. The total foreign Commercial Service budget is roughly \$250 million. That's about 2 minutes of cost in Afghanistan. In Sweden, a medium-sized country, one American Commercial Service officer, five Pentagon defense attaches in a number country. That shows you our priorities. If we want to improve exports, quadruple the size of the foreign Commercial Service and shrink some other things.

MR. WEST: You can't be too careful about Sweden.

MR. SHUTLEY: Or post offices. Everybody blames the post office for running deficits, but when they want to close a small rural post office in Wyoming, Congress says don't you touch my local post office. The public has got to know better what they're getting from their government and some agencies deserve reasonable amounts of budgets to do their jobs.

MR. ZIENTS: Yes.

MR. SHUTLEY: I think many federal agencies are doing a great job such as Social Security, and the VA has got health care better than anybody else and they deserve a lot of credit.

MR. ZIENTS: I agree with everything you said. Well, let me add to that by saying I agree with the major points. I don't necessarily agree with the specifics around the detail.

The first point, all the research, I'm sure Brookings has done it and I know Pew has done it, say that there is a big deficit in trust in government and the number-one way to improve that is when people are in some way touching government. That's in some ways easier at the local level because you're fixing potholes or you're giving our driver's licenses. People, you're right, don't have a great sense of what the federal government actually does and so much of it does very well, and they don't have a sense of where their taxpayer dollars go. In the speech when I talked about the information that we have at the Consumer Product Safety Commission and the idea of making that more user friendly, that's very similar to what you were talking about with the weather service. So we are looking for opportunities to unlock all of the valuable information that the government has and make it more applicable to people's day-to-day lives.

In the State of the Union the President talked about providing a receipt with your taxes. We think that's a good idea. The President has put a stake in the ground and we're going to do it and we're going to do it for this tax season and that will detail where does your money actually go. I think if you asked the average person where their money goes it's very different than where it actually goes. They don't understand some of the services that we provide. They think we spend a lot more money in some areas than we do and probably a

lot less in other areas than we do so that that national tax receipt is going out in that same vector.

I think it's very important that when we do this exercise we're looking at areas that we can save money in and there also potentially going to be areas where we should be investing some more. It comes of what we do every day across the areas like contracting, IT, real property and other areas, but it also will be part of the reorg effort so that we're not suggesting that we're going to be looking to save money and make things more efficient, at the same time there could be, I'm not deep enough in to comment directly on your trade stuff, areas where we would consider investing more.

MR. WEST: Jeff needs to get back to his day job, so thank you very much for sharing your thoughts with us.

MR. ZIENTS: Thank you. Thanks.

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

/s/Carleton J. Anderson, III

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