

STATEMENT OF THE HONORABLE SEAN O'KEEFE
DEPUTY DIRECTOR
OFFICE OF MANAGEMENT AND BUDGET
BEFORE THE
U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON RULES

November 13, 2001

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to appear before the Committee to discuss the Administration's Freedom to Manage Act of 2001 legislative proposal. This bill would establish a procedure under which the Congress can act quickly and decisively to remove structural barriers to efficient management imposed by law and identified by the President.

The President's Management Agenda

The President has called for an "active, but limited" government. The Administration hopes to reform and modernize government on the basis of three objectives to make government:

- Citizen-centered, not bureaucracy-centered;
- Results-oriented, not process-oriented; and
- Market-based, actively promoting rather than stifling innovation through competition.

The *President's Management Agenda* is a bold strategy for improving the management and performance of the federal government. The *Agenda* elects to identify the government's most glaring problems – and solve them. It contains five government-wide goals to improve management and performance:

- Strategic management of human capital,
- Competitive sourcing,
- Improved financial performance,
- Expanded e-government, and
- Budget and performance integration.

The *Agenda* focuses on remedies to problems that are generally agreed to be serious. It reflects the Administration's commitment to achieve break-through improvements in program performance.

Freedom to Manage

Unfortunately, Federal managers are greatly limited in how they can use financial and human resource to manage programs; they lack much of the discretion given to their private sector counterparts to do what it takes to get the job done. Red tape still hinders efficient operation of government organizations; excessive control and approval mechanisms afflict bureaucratic processes. Micro-management from various sources – Congressional, Departmental, and Bureau – imposes unnecessary operational rigidity. Often times, the inability to launch a discourse on managerial barriers is a problem greater than the barriers themselves. For example, federal managers often use the excuse that Congress has limited their ability to perform certain functions, however, upon closer examination there is no barrier, just typical government inertia. In that regard, agencies must do a better job of identifying barriers either real or perceived and take steps to eliminate or modify them immediately. This Act will help accomplish that goal.

If there are legitimate reasons for certain congressional limitations then we should flesh them out and really determine if they have out lived their usefulness.

Let me give you several illustrations.

- For years, NASA has been expressly prohibited by statute from relocating aircraft based east of the Mississippi River to the Dryden Flight Research Center in California for the purpose of the consolidation of such aircraft.
- The 2001 Defense Appropriations Act requires the U.S. military installations in Kaiserslauten, Germany to use U.S. coal as their energy source for heat. The same provision allows U.S. bases in Landstuhl and Ramstein to acquire their energy from any source. This provision restricts use of the most economical energy sources and imposes higher costs on the Department of Defense as a result.
- The Department of Agriculture is prohibited by statute from closing or relocating a state Rural Development Office. This unnecessarily restricts the Department from examining all possible options for the continuing improvement of the management and resource allocations of the Departments infrastructure. This does not pre-judge any such determination but ensures that Agriculture Department managers are able to operate and make decisions in the most flexible way, all subject to legitimate congressional oversight.
- Federal law prohibits the use of Time Clocks in DC except for the Bureau of Engraving and Printing. This hinders managers' ability to keep accurate time since managers must visually confirm employee hours. (Federal Code 5 USC 6106)

- Federal law requires that federal agencies purchase all furniture items from Federal Prison Industries or UNICOR. The prices of goods are inflated to support the network of the prison industry and often do not meet the needs of the purchasing agencies and result in higher costs to the taxpayer. This requirement eliminates competition and forces agencies to use these products regardless of quality, price or selection. (Authority is 18 USC 4121)
- Federal Law requires that all government printing, with limited exceptions, be done through the Government Printing Office (GPO). Agencies should be allowed more flexibility for printing decisions. (Federal Code 44 U.S.C. 501)

In response to these types of barriers, the Administration submitted to Congress legislation that would give federal managers the tools they need to manage their programs more effectively.

The Freedom to Manage Act

In transmitting the Freedom to Manage Act, the President asked the Congress to join with the Administration in making a commitment to reform the federal government by eliminating obstacles to efficient operation. This measure is a key component of the *President's Management Agenda*, an innovative and comprehensive plan to eliminate legal barriers to effective management.

The Freedom to Manage Act would provide that if the President transmits to the Congress legislative proposals relating to the elimination or reduction of barriers to efficient government operations, either through repeal or amendment of current law or the provision of new authority, special expedited congressional procedures would be used to consider these proposals.

A shared responsibility

Congress' agenda is a crowded one, and there is an understandable temptation to ignore management reforms in favor of new policies and programs. However, what matters most is performance and results. In the long term, there are few items more important than ensuring that the federal government is well run and results-oriented.

As barriers to more efficient management are removed, the Nation will rightly expect a higher level of performance from its federal government. Giving our federal managers "freedom to manage" will help the federal government improve its performance and accountability, and offer better service to the public.

Conclusion

The Administration began drafting the proposed legislation months ago. Now the necessity of the proposals is more clear. At a time of national emergency, it is critical that the government operates effectively and spends every taxpayer dollar wisely. President Bush insists on a government where results are meaningful and customer satisfaction is paramount. It is my sincere belief that the Freedom to Manage Act will be used sparingly, as a powerful tool to respond to administrative challenges of statutory construction. This tool will assist in ferreting out true managerial impediments and provide a straightforward mechanism for deliberately removing them.

The existence of this authority will help to respond to the frequent, internal Administration assertion that inefficiencies are the result of legislative impediment. It is my firm view that on most occasions this will not be true and cannot bear scrutiny.

I urge the Congress to give the Freedom to Manage Act of 2001 prompt and favorable consideration so we can work together in the coming months to implement needed and overdue reforms. This concludes my statement and I would welcome any questions the Committee may have.