

REGIONAL OFFICES: ARE THEY VITAL IN ACCOMPLISHING THE FEDERAL GOVERNMENT'S MISSION?

HEARING

BEFORE THE

SUBCOMMITTEE ON GOVERNMENT EFFICIENCY,
FINANCIAL MANAGEMENT AND
INTERGOVERNMENTAL RELATIONS

OF THE

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GOVERNMENT REFORM

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REGIONAL OFFICES: ARE THEY VITAL IN ACCOMPLISHING THE FEDERAL GOVERNMENT'S MISSION?

MONDAY, APRIL 9, 2001

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON GOVERNMENT EFFICIENCY, FINANCIAL
MANAGEMENT AND INTERGOVERNMENTAL RELATIONS,
COMMITTEE ON GOVERNMENT REFORM,
San Francisco, CA.

The subcommittee met, pursuant to notice, at 2 p.m., in the Ceremonial Courtroom, 19th floor, 450 Golden Gate Avenue, San Francisco, CA, Hon. Stephen Horn (chairman of the subcommittee) presiding.

Present: Representatives Horn, Ose and Burton.

Staff present: J. Russell George, staff director and counsel; Bonnie Heald, director of communications; Dianne Guensberg, professional staff member; and Scott Fagan, clerk.

Mr HORN. This hearing of the subcommittee will come to order. This is the first in a series of three field hearings to examine the intergovernmental efforts among State, local and Federal Governments. Today, we will investigate the effectiveness of the Federal Government's regional offices in providing public services and their interaction with State and local government agencies. On Friday, April 13, 2001, in San Diego, we will look at drug interdiction efforts by Federal, State and local governments. Our final field hearing in this series will be held on Monday, April 16, 2001, in Long Beach to review the challenges in completing the Alameda corridor project, a joint venture between State, local, and Federal Governments. It is the most major intermodal transportation project in the United States. It is under budget and on schedule. That is a rarity.

The existing Federal regional office structure was established in 1969 during the Johnson administration. This structure included 10 regions covering the 50 States and U.S. territories. The 10 regions are divided into New England; the Northeast and Caribbean; the Midatlantic; Southeast; Great Lakes; Heartland; Greater Southwest; Rocky Mountain; Northwest Arctic; and Pacific Rim. San Francisco, the site of today's hearing, is the headquarters of the Pacific Rim Region.

Today the Internet and computer technologies are transforming the nature of the interaction between the Federal Government and the Nation's citizens. This movement toward e-government could revolutionize Federal operations and the way government delivers

its services to the public. We will explore the structure of the regional offices, established more than three decades ago, to determine if it is still the most efficient way for the Federal Government to work with State and local governments to meet the needs of its citizens.

The subcommittee will examine whether today's environment of faster and easier communications calls for the use of a more decentralized office structure. Specifically, the subcommittee will examine whether it is time to re-engineer the Federal regional structure, how relationships with Federal, State, and local governments might be improved to better provide services to the public, whether Federal agencies have increased or decreased the size and number of regional offices, and whether there are viable and cost-effective alternatives to the existing structure.

To discuss these issues, we have a panel of experts representing a wide array of viewpoints. We welcome the Honorable Dwight Ink, president emeritus of the Institute of Public Administration. Also, a former Assistant Director for Executive Management in the Office of Management and Budget, which, as all of you know, is part of the Executive Office of the President. Mr. Ink was responsible for establishing the original Federal regional structure, and will discuss how the structure came about.

We will also hear from Mike Stoker, attorney and former chairman of the Santa Barbara County Board of Supervisors and the California Agricultural Labor Relations Board. Mr. Stoker will provide his perspectives from his experiences dealing with the Federal Government in his roles with both the State and local government.

We also welcome Doug Henton, the president of Collaborative Economics. He will discuss his work on an initiative to improve the way the Federal Government works with regional governments.

We also have Paul Chistolini, acting Commissioner, Public Buildings Service, General Services Administration, to discuss his agency's role in supporting Federal regional activities. We look forward to the testimony of each of these gentlemen.

I will put in the record now at this point a very helpful letter from Congresswoman Anna G. Eshoo, who represents the Palo Alto/Silicon Valley area. She describes in her letter the helpfulness of various regional officials, who helped look at personnel training matters and all the rest in relation to East Palo Alto, where there was a tremendous amount of crime and everything else. And she says, with great appreciation for the regional staffs, that they all turned together to see where their agency could be the most helpful in solving the problem. And it is well on the way to solving the problem.

[The information referred to follows:]

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April 9, 2001

The Honorable Stephen Horn, Chairman
Committee on Government Reform
U.S. House of Representatives
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Horn,

Because my schedule doesn't permit me to testify in person today, I'd like this letter to be made part of the record of your field hearing on the importance of the Federal Government regional offices to my constituents.

Regional offices are the Federal government's front door. Our regional personnel work nearby, they're on the ground and they are face to face with people and their issues. The problems which our communities face are familiar to them, and they have a special sense of the unique qualities of each community.

Many of our regional offices have been extremely helpful to me and my constituents since I took office in 1992. I'd like to highlight two examples when regional personnel were key partners in solving local problems.

The regional office of Health and Human Services took a particular interest in a federally funded Community Health Center located in my Congressional District. Community members had for months been expressing concern about the integrity of the operations of this center and whether it was meeting its mandate of providing quality care to low income residents. Local HHS officials dug in, investigated and held community meetings, and finally came to the conclusion that the Community Health Center was not making good use of its federal funding. A new center, with new, capable community management is in the works and will be serving the community within the next few months. None of this would have come to pass without the intense, informed involvement of federal officials who worked closely with local officials.

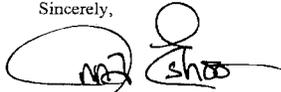
In 1995, concerned about the problems in East Palo Alto, I convened a Federal Summit in the community to address its problems. East Palo Alto, a small, mostly minority city, was in 1993 known as the Murder Capital of the Country because of its high rate of drug related homicides. It had all the problems associated with inner cities; poverty, crime, lack of infrastructure, inadequate transportation and poor health care. The full day summit, attended by the leadership of all the local federal offices, resulted in many efforts that have been highly beneficial to East

Palo Alto. The Environmental Protection Agency and HUD provided personnel to work in the City, helping it to gain access to federal funds and programs. The City was able to beef up its police force and reduce the crime rate. It was able to access EPA clean-up funds to ready sites for development. The City has increased its tax base and is increasingly able to provide needed services to its citizens. The presence and efforts of the Federal Regional Task Force, which has continued the work begun in 1995, is a key part of the City's resurgence. Without these offices East Palo Alto would not be where it is today.

The regional offices of the Federal government enjoy a unique perspective of the problems facing our nation and they work to resolve them by assisting us locally. As a critic of the shortcomings of the Federal bureaucracy, my experience with our regional offices has been a very positive one. They've made an enormous difference to improve the communities I represent and without them, it wouldn't have happened.

Thank you for the opportunity to place my views into the record of this field hearing.

Sincerely,

A handwritten signature in black ink, appearing to read 'A. Eshoo', written over a circular stamp or mark.

Anna G. Eshoo
Member of Congress

Mr. HORN. So now, since most of you know how this system works, as an investigative committee, we do swear in all witnesses. So if you will stand and raise your right hands.

[Witnesses sworn.]

Mr. HORN. The clerk will note the witnesses have agreed to the oath, and we will start. Let us see, we have got a few outside trying to find a parking place and other things. But let us start then with Mike Stoker, senior partner with law offices in Santa Maria. We are delighted to have you here. Mr. Stoker has had Federal experience, State experience, and county experience.

**STATEMENT OF MIKE STOKER, SENIOR PARTNER, LAW
OFFICES OF MIKE STOKER**

Mr. STOKER. Well, thank you, Mr. Chairman. Let me first say I want to thank you for inviting me to participate in this hearing. I also want to commend you for examining what is an important issue for those in the public and private sectors who have regular dealings with Federal agencies.

My comments are based from my experiences both in the private sector, as an attorney who has had extensive dealings with local, State, and Federal regulatory agencies, and also from my public sector experience, both as a member of the Santa Barbara County Board of Supervisors, and as chairman of the California Agricultural Labor Relations Board.

Let me begin my testimony with a question. Why is it that a Federal regional office would not, as a first preference, be located in the capital of the State in which the regional office is located? I ask this question, as there are numerous examples, at least in California, in which the regional offices are not located in our State capital, Sacramento, but are located in many cases throughout the State, including here in San Francisco. If we are focusing solely on the issue of siting a regional office where it makes sense to carry out its responsibilities and obligations, Sacramento, in most cases, is where several regional offices, in my opinion, should have been located. From my experience, I cannot think of many situations where a Federal agency should not be located in the capital of the State in which the regional office is located, if that agency has either regulatory oversight or is an agency involved with providing federally mandated social services.

I can remember numerous situations when I served on the Santa Barbara County Board of Supervisors in which I had to travel to Sacramento, and then to San Francisco, to deal with issues in which I had to interact with both the State and the Federal counterparts. If you have a problem involving any issue in which the Federal Environmental Protection Agency has jurisdiction, you will travel to Region nine here in San Francisco, and then typically continue on to Sacramento to meet with the State counterparts with CalEPA, who will often have concurrent jurisdiction. I may add that every day individuals and businesses in this State that have EPA compliance issues will make that same exact trip.

With this in mind, why is this geographical barrier between offices necessary? Not only would locating these offices in one city be more user-friendly, it would also make the jobs easier for the re-

spective staffs who often have to meet with each other to work out jurisdiction and compliance matters.

Now, it is clearly not my intention here to single out EPA as the one example of this phenomenon. There are numerous examples of this geographical separation taking place. The bottom line is there is not a situation in which the regulatory issues or social services are concerned, that the State's headquarters for the counterpart is not located in the State capital, Sacramento. And I can assure you that hundreds of trips are made each day by members of the private sector and representatives of local government who have dealings pertaining to welfare; Medi-Cal; endangered species and wetlands; clean air; water; labor; and the list goes on and on. For many of those folks Sacramento is only one leg of a two-stop trip. To better accommodate them and better coordinate between State and Federal agencies involved, it makes sense to locate these offices in the same city. While I cannot speak to situations in other States, I would assume that 99 percent of the time that State offices will usually be headquartered in the State capital. If efficiency and effectiveness are the desired goal, then the regional offices' presumed preferred location should be the capital of the State involved, unless a compelling reason to the contrary can be demonstrated.

For instance, trade and commerce issues may warrant locating Federal offices in San Francisco or Los Angeles or your hometown, Mr. Chairman, Long Beach, based on Pacific Rim factors and the fact that the cities I just named serve as major trade centers. However, keep in mind that California's headquarters for the Department of Commerce and Trade is located in Sacramento, as is the California World Trade Commission headquarters. Likewise, Immigration & Naturalization Service matters may need to be based in Los Angeles or San Diego because of the nexus those cities have to immigration issues. In regards to the National Labor Relations Board, when I was chairman of the California Agricultural Labor Relations Board [ALRB], which is coincidentally located in Sacramento, I always assumed that the reason the NLRB's regional office is located across the bay in Oakland was due to the strong labor movement the Bay Area is known for. If that is not the reason, I cannot think of a rationale for not being located in Sacramento. If that is the reason, perhaps that is a reason enough that is compelling enough to justify the location in Oakland.

Before I close, I would like to offer two caveats to my testimony. First, which I think is clear from my personal experience, my perspective is solely based on intrastate experiences, me being in California, dealing with California, and having Federal regional offices located in California. I have no idea how my counterpart that may live in Arizona would feel who has to come to a regional office located somewhere in California, which leads me to my second point. At least as far as the lack of siting regional offices in Sacramento could be concerned, many of these offices were sited or located back in the 1960's, some in the 1970's, some going back to the 1950's. Sacramento, I think, as you know, Mr. Chair, up until 25 years ago, did not have an international airport. That very well could have been the reason to take into account those people coming from other States to deal with regional offices that would have to be lo-

cated in the West Coast, that the transportation issue made it inconvenient to travel to Sacramento. That reason has not existed for 25 years, with Sacramento having an international airport. All my dealings with California, from an intrastate perspective, are based on knowing that relationship has existed in Sacramento, and knowing that transportation hub has existed with the international airport now being located in Sacramento.

Hopefully what I have shared with you will prove beneficial as you consider Federal regional offices and their locations, and whether they could better serve the public and fulfill their responsibilities if they were located in different locations. While such an assessment may not appear on the top 10 list of things that need to be addressed in our Nation's Capital, on behalf of all of us in the private and public sector who have regular dealings with these State and Federal agencies, let me thank you and commend you again for the task you have accepted. I will be more than happy to answer any questions you may have.

Mr. HORN. Thank you very much. That is a very helpful perspective.

Our next presenter is Doug Henton, the president of Collaborative Economics. And you might explain to us a little bit about Collaborative Economics.

[The prepared statement of Mr. Stoker follows:]

Mr. Chairman and Honorable members of this subcommittee, I want to thank you for inviting me to participate in this hearing and I also want to commend you for examining what is an important issue for those in the public and private sectors who have regular dealings with federal agencies.

My comments are based from my experiences both in the private sector as an attorney who had extensive dealings with local, state and federal regulatory agencies and also from my public sector experience both as a member of the Santa Barbara County Board of Supervisors and as Chairman of the California Agricultural Labor Relations Board.

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agency has either regulatory oversight or is an agency involved in provided federally mandated social services.

I can remember numerous situations when I served on the Santa Barbara County Board of Supervisors in which I had to travel to Sacramento and then to San Francisco to deal with issues in which I had to interact with both the state and federal counterparts. If you have a problem involving any issue in which the Federal Environmental Protection Agency (EPA) has jurisdiction you will travel to Region 9 here in San Francisco and then typically continue on to Sacramento to meet with the state counter-parts with Cal EPA who will often have concurrent jurisdiction. I may add that individuals and businesses that have EPA compliance issues will also make the same trip. With this in mind, why is this geographical barrier between offices necessary? Not only would locating these offices in one city be more “user friendly” it would also make the jobs easier for the respective staffs who often have to meet with each other to work out jurisdiction and compliance matters.

It is not my intention to single out EPA as the lone example of this phenomenon. There are numerous examples of this geographical separation taking place. And the bottom line, there is not a situation in which regulatory issues or social services are concerned, that the state’s headquarters for the state counter-part is not located in the state capitol, Sacramento. And I can assure you that hundreds of trips are made each day by members of the private sector and representatives of local government who have dealings pertaining to welfare, Medi-Cal, endangered species and wetlands, clean air and water, labor and the list goes on and on. For many of those folks, Sacramento is only one leg of a two stop trip. To better accommodate them and to better coordinate between the

state and federal agencies involved, it makes sense to locate these offices in the same city. While I cannot speak to the situation in other states, I would assume that 99% of the time the state's offices will always be headquartered in the state capitol. If efficiency and effectiveness are the desired goal, then the regional office's presumed preferred location should be the capitol of the state involved unless a compelling reason to the contrary can be demonstrated.

For instance, trade and commerce issues may warrant locating federal offices in San Francisco or Los Angeles, or your hometown Mr. Chairman, Long Beach, based on Pacific Rim factors and the fact that the cities I have just named serve as major trade centers. However, keep in mind, that California's headquarters for the Dept. of Commerce and Trade is located in Sacramento as is the World Trade Commission headquarters. Likewise, Immigration & Naturalization Service matters may need to be based in Los Angeles or San Diego because of the nexus those cities have to immigration issues. In regards to the National Labor Relations Board, when I was Chairman of the California Agricultural Labor Relations Board, which is coincidentally located in Sacramento, I always assumed that the reason the NLRB's regional office is located across the bay in Oakland was due to the strong labor movement the bay area is known for. If that is not the reason I cannot think of a rationale for not being located in Sacramento. If that is the reason, perhaps it is compelling enough to justify the location in Oakland.

Hopefully, what I have shared with you will serve beneficial as you consider federal regional offices and their locations and whether they could better serve the public and fulfill their responsibilities if they were located in different locations. While such an

assessment may not appear on the top ten list of things that need to be addressed in our nation's capitol, on behalf of all of us in the private and public sector who have regular dealings with these state and federal agencies, let me thank you and commend you for the task you have accepted.

I am more than happy to answer any questions you may have.

STATEMENT OF DOUG HENTON, PRESIDENT, COLLABORATIVE ECONOMICS

Mr. HENTON. Thank you, Mr. Chairman. I very much appreciate the opportunity to testify today on the use of Federal regional offices. Over 20 years ago, when I worked in the Federal Government, I actually worked in two Federal regional offices here in San Francisco and Atlanta as part of what was then the Department of Health, Education, and Welfare, now Health and Human Services. In addition, I worked in the Washington, DC, office for the Secretary. And it struck me at the time that Federal regional offices do play a unique role in the Federal system, so I am pleased to be here to offer my thoughts on a changing role, given the things that are happening in today's world.

My firm, Collaborative Economics, is based in Palo Alto, and we provide a range of services to regional business and civic organizations. An example being Joint Venture: Silicon Valley, which is a group that was formed over 10 years ago of business, government, and community leaders who come together to work on common problems. The first president of Joint Venture was former Senator Becky Morgan, and the most recent president of Joint Venture is Rubin Morales, who recently was named the head of intergovernmental relations for the White House.

What these regional groups do is try to bring together leadership in a region so that you can work more effectively on the problems of those regions, very much similar to the Gateway Cities partnership in the Congressman's district. We have worked with a number of regional organizations in California, and now Collaborative Economics serves as a coordinator for a national organization called the Alliance for Regional Stewardship. And we represent about 25 regions around the country, again mostly metropolitan regions that are trying to develop stronger practices in their region. This alliance is a learning network where the regional leaders come together, share information, and try to develop effective approaches.

And what I want to share with you is one innovation that is being developed as part of these conversations among metropolitan regions. Within that alliance, we have a Committee on the Regions that is working to promote a new partnership with the Federal Government. One of the priorities is to streamline and really improve the way that the Federal planning requirements themselves work at the regional level so you can increase flexibility, so that regional groups can plan in a more integrative way. What we are arguing for is a more bottom-up approach where regions develop plans to fit their needs, and then work with Federal agencies to bring the Federal agencies in to help implement those plans. In this approach, the Federal agency acts as a partner with the regional groups.

So let me give you one example right here from the Bay Area, to try to flesh this out and give you a flavor. In most metropolitan regions there are numerous metropolitan planning organizations, councils of governments, regional air quality districts, regional development districts. This is quite common. We have that here in the Bay Area. All of these and many more make up the landscape of regions today. Alongside these public agencies, there are a bunch

of civic organizations that are formed, like Joint Venture: Silicon Valley.

Now, this problem actually results from a history of what I would call top-down policy overlays. Over the last 30 years, every time a Federal agency wants to implement a Federal program, it mandates the different regional structure. Now, the most recent example of this is the transportation programs in the T-21 which has a metropolitan planning organization structure which allows regions to plan, which is excellent. The problem is that does not always mesh with other regional groups in the metropolitan area. Here, for instance, in the Bay Area, we have many separate organizations, which I will speak to in a second.

Now, viewed from the top-down, a program perspective, this may not only be inevitable, but desirable, because it appears to allow for accountability for a Federal program. However, looked at from the region, the metropolitan region perspective, these Federal policy overlays create a crazy-quilt pattern which we might call “siloed planning.” So let me give you the example here in the Bay Area. The Bay Area—in this case Oakland, San Francisco, and San Jose—is actually trying to deal with this problem of fragmentation. The role of the Federal regional office has been absolutely critical.

In the nine-county Bay Area there is a Council of Governments; the Association of Bay Area Governments [ABAG]; a Metropolitan Planning Agency, the Metropolitan Transportation Commission; a Bay Area Air Quality District; a Bay Area Water Quality District; the Bay Area Conservation and Development District; and a business-led organization called the Bay Area Council. Now, an attempt was made in 1989 and 1990 to consolidate all of these organizations into a single agency. That was legislation that was carried by former Senator Becky Morgan in the State legislature, and that legislation failed. Because, when you talk about regional government, you are talking about another overlay, and local governments are very resistant to create a new form of regional government, and it was not adopted.

Then the leaders of the Bay Area got innovative. They tried a bottom-up collaborative approach, partnering with Federal agencies in a new way. First, the leaders of the Bay Area Council, which is a business-led organization, local governments, and the non-profit sector came together under the auspice of a new organization called the Bay Area Partnership. They invited the regional director of the Federal Health and Human Services agency, who played a critical role in this, to work with them. And in this particular case, they identified areas that were the most impoverished neighborhoods, 46 in all. A new coalition was formed, called the Bay Area Alliance for Sustainable Development, a joint effort of the Bay Area Council, the business organization; ABAG, the government organization; Urban Habitat, an environmental group; and the Sierra Club, to create an initiative called Community Capital Investment Initiative, which is providing funding to low income neighborhoods working with mainstream financial institutions such as the Bank of America, Washington Mutual, and Wells Fargo.

They are participating in a four pilot region process nationwide which has gone under the term the “reverse RFP,” meaning a demonstration where you would actually have the regions define their

need, and then invite Federal agencies to join with them in the solutions. It is under a leadership group called the Partnership for Regional Livability. The Bay Area is now working with Federal agencies on this initiative, including the regional office of Housing and Urban Development; the U.S. Department of Commerce; EDA; EPA; the Federal Reserve Bank, which is an independent agency, but they are involved; GSA; HHS; and Labor, on this initiative.

And here is how it works. Rather than having the Federal Government come through with mandates, this is actually a reverse approach which, as I said, is an upside-down approach, where the Federal agencies, particularly the regional offices, are asked to participate in these projects defined by the region. In this case, working together, metropolitan regional leaders and Federal partners have identified how to support mixed use, mixed income housing, commercial, and industrial developments in targeted neighborhoods in this region. It requires a mixed approach because it involves HUD, it involves EDA, it involves the Federal Reserve, it involves the Treasury. In this case they have all come together on a team to work together to solve the problem here within a region.

There is a second “reverse RFP” underway as well around the use of geographic tools for planning. In that case the U.S. Geological Survey, based in Menlo Park, is playing a critical role here regionally as well. In both cases, the Federal regional agencies are viewed as part of a team, not simply funders or regulators.

What is different about this picture? Regional cooperation at the grassroots level around specific needs defined by a region has resulted in agreements, and in every case there is a signed agreement, with Federal agencies participating. Even five local regulatory agencies have joined in through the project as well—and what I mean by that are the Bay Area Water District and the Air Quality District and other local groups—to identify and implement regional priorities. The focus is on shared outcomes built into that partnering agreement. A bottom-up approach replaces the more traditional top-down approach. While there is no attempt to consolidate the regional agencies, the regional public and private groups are working again in partnership with these regional agencies.

We need more experiments, and I do not think there is one model here. But what I would hope, you might want to try more experiments like the one being tried here—the other regions are also involved: Atlanta, Chicago, and Denver, so this is something that is happening in four places right now with Federal participation—to test a new way of looking at a partnership.

Federal agencies, and particularly Federal regional offices, play a critical role in this model. In addition to their traditional grantmaking and service delivery roles, Federal agencies can be partners with their regions in developing these bottom-up approaches. The regional agencies can participate more effectively and on a regular basis if they are here. It is very difficult for the Washington offices of these agencies to participate because of both distance and time. They not only gain a knowledge of the region by participating in these types of exercises, but they are able to tailor the Federal response to regional needs. It is unlikely that a

more decentralized approach could be administered simply from the headquarters office only.

So finally, in this age of Internet, information can flow quickly from many sources. And there is almost a so-called death of distance, and the Internet does redefine distance. But it is been our experience in Silicon Valley and elsewhere that place still matters; even more, in fact, in the new economy. It is those face-to-face relationships that build the trust and the knowledge that are important to develop these types of partnering relationships. Federal regional offices, we believe, should be full partners with regions in developing these new types of innovative approaches, particularly that result in region-specific strategies.

So I guess I would conclude by saying I believe that the Federal regional offices play a very important role in the Federal system, but their role might change in a more bottom-up, regional-driven process. Thank you very much, and I would be happy to answer any question, Mr. Chairman.

Mr. HORN. Thank you. That is a very worthwhile perspective, and we can pursue that a little further with questions.

Our next presenter is Paul Chistolini, who is the acting Commissioner, Public Buildings Service, General Services Administration. He has formerly been a regional director, as well as other different things that he has done over his civil servant lifetime. We are delighted to have you here, Commissioner, and please proceed.

[The prepared statement of Mr. Henton follows:]

**Testimony
By
Douglas Henton
President
Collaborative Economics**

**Before the
Committee on Government Reform
Subcommittee on Government Efficiency, Financial Management
and Intergovernmental Relations**

April 9, 2001

Mr. Chairman, I appreciate the opportunity to testify today on the use of Federal regional offices. Twenty years ago, I was employed by the Federal government and worked in the San Francisco and Atlanta regional offices as well as the Washington DC headquarters of the Department of Health, Education and Welfare (now Health and Human Services). It struck me at the time that regional offices play a unique role and I am pleased to offer my thoughts on their changing role today.

My firm, Collaborative Economics is based in Palo Alto, California. Locally, we provide assistance to regional business and civic organizations such as Joint Venture: Silicon Valley. We have worked with over 15 regional groups throughout California and now serve as the coordinator for the national Alliance for Regional Stewardship, which represents over 25 regional groups. The Alliance is a learning network that helps regional leaders promote more effective approaches to economic and quality of life challenges.

The Committee on the Regions is an initiative of the Alliance that is working to promote a partnership between the federal government and regions. One of the priorities of the Committee is streamlining federal planning requirements to increase flexibility of region organizations to plan in a more integrated way. We need a more "bottom-up" approach with regions developing plans that work for them and then working with federal agencies to help implement those plans. In this approach, federal agencies would be partners with regions.

Let me give you the flavor of the challenge regions face. Metropolitan planning organizations, councils of government, regional air quality districts, and regional development districts—all these and many more public regional agencies compose the landscape of most regions today. Alongside these public agencies, we see the rise of civic regionalism—collaborative regional initiatives led by business, community and government leaders. How are we to make any sense of all of this?

The problem results from a long history of top-down policy overlays. Over the past 30 years, every time a federal agency implements a regional program it mandates another regional structure. Viewed from the top-down with a program perspective this approach may be not only inevitable but also desirable. However, the result of these federal policy overlays has been a crazy-quilt pattern resulting in "siloed" planning.

The Bay Area (including the cities of Oakland, San Francisco, San Jose) provides one example of a region that is trying new ways to address the challenge of regional fragmentation. In the nine-county Bay Area, there is a COG (the Association of Bay Area Governments or ABAG), an MPO (the Metropolitan Transportation Commission), the Bay Area Air Quality District, the Bay Area

Water Quality District, the Bay Conservation and Development Commission, and a business-sponsored and CEO-led Bay Area Council. An attempt to consolidate the COG, the MPO and the air and water quality districts failed in the late 1980s because local government leaders saw it as creating another layer of government and not concerned enough with local needs.

Then the leaders in the Bay Area got innovative: they tried a bottom up, collaborative approach, partnering with federal agencies in a new way. First, leaders from the Bay Area Council, local government, and the nonprofit sector came together under the auspices of a new organization called the Bay Area Partnership. They invited the regional director of the federal Health and Human Services Department to work with them to identify the region's 46 most impoverished neighborhoods. This new coalition then joined forces with the Bay Area Alliance for Sustainable Development, a joint effort of the Bay Area Council, ABAG, Urban Habitat and the Sierra Club to create the Community Capital Investment Initiative, whose goal is to provide a bridge between community development groups in low-income neighborhoods and mainstream financial institutions such as the Bank of America, Washington Mutual, and Wells Fargo.

As one of four pilot regions participating in a "reverse RFP" demonstration sponsored by the Partnership for Regional Livability, the Bay Area is now working with federal agencies to help implement the Community Capital Investment Initiative. Federal partners include HUD, EDA, EPA, the Federal Reserve Bank, GSA, HHS, Labor, SBA, Transportation and Treasury.

Rather than responding to federal mandates through a traditional RFP approach, a "reverse RFP" turns this process upside-down and requests federal participation in regionally defined projects. In this case, working together, regional leaders and federal partners are identifying and supporting mixed-use, mixed-income housing, commercial, industrial and business developments that will lead to significant economic, social and environmental benefits in the targeted communities.

A second "reverse RFP" developed by the Bay Area Alliance is focused on developing a Bay Area Livability Footprint as a geographic tool for regional planning scenarios. It has a similar group of federal partners led by the USGS. In both cases, federal agencies are viewed as part of the regional team, not simply as funders or regulators.

What is different about this picture? Regional cooperation at the grassroots around specific needs defined by the region has resulted in an agreement with several federal agencies—and even among the five regional regulatory agencies—to work as partners on the regional priorities. The focus is on shared outcomes that are built into a partnering agreement. A bottom-up approach replaces the traditional top-down method. While there is no attempt to consolidate all regional agencies, the regional public and private groups have worked in partnership to connect federal support to regionally-defined challenges.

We need more experiments like the Bay Area "reverse RFP" to test ways to improve the federal-regional partnership and better connect the public and private regional efforts.

Federal regional offices play a critical role in this type of model. In addition to grant making and service delivery roles, federal agencies should also be partners with regions in developing and implementing new bottom up solutions. The federal regional agencies can participate more effectively on a regular basis at the regional level. They gain knowledge of the region and the ability to tailor federal solutions to regional needs. It is unlikely that more decentralized approach could be administered from the headquarters office only.

In the age of the Internet, information can flow quickly from sources in many locations. But our experience in Silicon Valley and elsewhere is that place matters even more in the new economy. It is the face-to-face relationships that build trust and share real knowledge that really matter. Regional federal offices should become full partners with regions in developing and implementing region-specific strategies.

**STATEMENT OF PAUL CHISTOLINI, ACTING COMMISSIONER,
PUBLIC BUILDINGS SERVICE, U.S. GENERAL SERVICES AD-
MINISTRATION**

Mr. CHISTOLINI. Thank you, Mr. Chairman, and good afternoon. I am pleased to appear before you today and provide information on the space holdings, both leased and owned, that GSA provides to the Federal agencies in the San Francisco and Oakland areas.

We have six federally owned buildings that provide approximately 3 million square feet, or approximately 68 percent of the total space used by Federal agencies in San Francisco and Oakland. The remaining 32 percent, or 1.6 million square feet, is comprised of 53 leases throughout the area. We provide the space to virtually all agencies of the executive branch, as well as space for the Federal judiciary and Members of Congress.

The thrust of GSA's space management program has been, and continues to be, a sharp focus on maximizing the use of federally owned space. Examples of this are major renovations currently underway here in San Francisco at the Appraisers Store Building, and also the planned construction of a new Federal building here in San Francisco. These two actions will decrease the amount of space leased by the Federal Government in the San Francisco and Oakland area by approximately one-third.

Now, the market cost of lease space in San Francisco and Oakland has been influenced by two key elements. First, almost no new space has been added to the commercial space inventory in recent years. And second, the demand for space by the financial, technology, and business development sectors has been at an all-time high. This combination resulted in driving the amount of available space to an all-time low, while at the same time virtually resulting in bidding wars for Class A commercial space. The cost of available Class A commercial space has doubled in recent years.

Since the beginning of 2001, just 3 months ago, rates for Class A commercial space in San Francisco have dropped from their all-time highs of \$90 to \$110 a foot, to the \$65 to \$75 a square foot range. These high rates resulted in the recent relocation of three Federal agencies from leased space in San Francisco to leased space in Oakland where the rates for comparable space are 25 to 30 percent lower.

These high rates for leased space have made the cost of retrofitting older Federal buildings to meet current seismic standards a very attractive investment. Increased retrofitting of our older buildings will further reduce our dependency on leased space that we use to meet the needs of the Federal Government.

That concludes my prepared statement, Mr. Chairman, and thank you for this opportunity. I would be glad to answer any questions you may have.

[The prepared statement of Mr. Chistolini follows:]



**STATEMENT OF PAUL CHISTOLINI
ACTING COMMISSIONER
PUBLIC BUILDINGS SERVICE
U.S. GENERAL SERVICES ADMINISTRATION
BEFORE THE
SUBCOMMITTEE ON GOVERNMENT EFFICIENCY,
FINANCIAL MANAGEMENT
AND INTERGOVERNMENTAL RELATIONS
COMMITTEE ON GOVERNMENT REFORM
UNITED STATES HOUSE OF REPRESENTATIVES
APRIL 9, 2001**

Good morning, Mr. Chairman and members of the Subcommittee. My name is Paul Chistolini and I am the Acting Commissioner of the Public Buildings Service, U.S. General Services Administration (GSA). I am pleased to appear before you today and provide information of the space holdings both leased and owned by the Federal government in the San Francisco and Oakland areas.

Six Federally owned buildings provide approximately 3.0 million rentable square feet of space or approximately 68% of the total space used by Federal agencies in the San Francisco and Oakland areas. The remaining 32% of the space is comprised of 53 Federal leases totaling 1.6 million rentable square feet of space. This space is provided to virtually all agencies of the Executive branch, as well as space for the Federal Judiciary and members of Congress.

The thrust of GSA's space management program has been and continues to be a sharp focus on maximizing the use of Federally owned space. Examples of this are a major renovation currently underway at the

Appraisers Building and the planned construction of a new Federal building in San Francisco. These two actions will decrease the amount of space leased by the Federal government in the San Francisco and Oakland areas by approximately one-third.

The market cost of leased space in San Francisco and Oakland has been influenced by two key elements. First, almost no new space has been added to the commercial space inventory in recent years. Secondly, the demand for space by the financial, technology and business development sectors has been at an all time high. This combination resulted in driving the amount of available space to an all time low, while at the same time resulting in “bidding wars” for class A commercial space. The cost of available class A commercial space has doubled in recent years.

Since the beginning of 2001, rates for class A commercial space in San Francisco have dropped from their all-time highs of \$90-110 per square foot to the \$65-75 per square foot range. These high rates resulted in the recent

relocation of three Federal agencies from leased space in San Francisco to leased space in Oakland where rates for comparable space are 25-30% lower.

These high rates for leased space have made the cost of retrofitting older Federal buildings to meet current seismic standards an attractive investment. Increased retrofitting of our older buildings will further reduce our dependency on the use of leased space to meet the housing needs of the Federal government.

That concludes my prepared statement, Mr. Chairman, and I will be pleased to answer any questions you or the other members of the Subcommittee may have on this matter.

Mr. HORN. Well, thank you.

We have got another witness or so that are driving here, and hopefully we will have that before the end of the day. Let me ask a few questions now.

Mr. Stoker, do you believe there are opportunities to use new technologies, such as teleconferencing, that would help relieve some of the logistical problems you discussed in your statement? What do you think about that?

Mr. STOKER. Well, Mr. Chairman, certainly the technology is there, and to some extent more and more it is being utilized. I think anything we would do, you know, getting back to my underlying premise, at least from an intrastate perspective, I do not see how siting a Federal regional office is going to be anything but a positive impact, at least to anybody in the State of California, if hypothetically it was in Sacramento, where the State counterpart is. I would start from the premise unless that negatively affects people from other States that come in here, that is the first and foremost. Because when you are dealing with a regulatory issue or when I had social service issues as a county supervisor, and we did a lot of teleconferencing often in terms of, not with the Federal counterpart, but with the State counterpart from Santa Barbara and the county seat.

But when you have problems and you are trying to work out those problems, it is better having the teleconferencing versus not having it at all, but seeing people face-to-face in that room that have concurrent jurisdiction or have roles that are similar with the task that you are trying to solve, teleconferencing is never going to replace the strategic benefit of having all the players, the stakeholders, in that room together. But it is definitely available. I would say if you cannot put everybody in that same room, then the next-best alternative is to be very aggressive with teleconferencing.

I will give you an example at the local level—what we did in Santa Barbara County now, which is being done more and more. As you know, Santa Barbara is a pretty large county. The Board of Supervisors meets twice a month in the southern part of the county, and then they meet twice a month in the northern part. When they meet in the northern part, people can testify from the county seat in Santa Barbara by teleconference, where there is a video there, and they can testify to the board and not have to go up to northern Santa Barbara County, and then vice-versa.

So the technology is there, it should be used; but it is never going to replace—especially when you have problems that you need to have stakeholders together, working them out together in a collaborative way—it is never going to replace the advantage of everybody being together in the same room.

Mr. HORN. Well, I agree with you on some of that, that presumably you do not get the informal vibrations, if you will, in how to negotiate with each other and this kind of thing. You could certainly use it for information-gathering and that kind of thing.

Mr. STOKER. Absolutely.

Mr. HORN. No problem there.

Mr. STOKER. Absolutely not.

Mr. HORN. The problem is do you solve the problem. And so I just wonder what these two gentlemen's experience would be on

this, and the degree to which, say, GSA, I know, is doing a lot, as are other Federal agencies, where people who will keep working at home and then fax it in or e-mail it in, as the case may be. And that does not really necessarily provide for interactions. On the other hand, some supervisors do worry about that, and what happens. I would be interested in what Mr. Henton has to say and what Mr. Chistolini has to say.

Mr. HENTON. Well, I think that face-to-face is always the best way to negotiate a complex problem, and I would agree getting all the right people in the room, there is just no solution better than that. But, I will also agree that clearly with the Internet and with the tools that we now have, we can do a much better job of sharing information immediately, so that there is no sort of delay in trying to get information out about new programs or new initiatives or new things that people need to go through. I really do think they complement each other in terms of the use of the technologies, but I do not see them as a substitute.

We look a lot at this issue in our work in Silicon Valley, and I have come to the conclusion that the Internet is a complement to face-to-face, not a substitute. But I think there is a lot—the Federal Government is the largest repository of information in the world, and it has more information than it has even disseminated that it knows. It is a content provider.

So if we could have the Federal Government playing a much better role in Internet and sharing of information effectively, I am thinking even—I mean, I am going a little bit in a different direction here—but geographic information that is coded at a level that people can use at the county level, information dissemination that is easily accessible is something the Federal Government really can do a lot more. And it can be done over the Internet. We have the tools. It is just a question of commitment.

Mr. HORN. What do you think, Mr. Chistolini?

Mr. CHISTOLINI. What I have noticed in recent years, as the other gentlemen have pointed out, is Federal agencies are depending a lot more on telecommunications, the Internet, for the dissemination. We have programs like firstgov.gov where the average citizen can come in and find out information about their government, get forms, that sort of thing. The IRS uses a lot of this. The Internet is certainly affecting the citizen's ability to get information in a timely and accurate way.

We see a lot of our tenant agencies going more toward that and trying to find ways to make it easier, sort of doing e-business, and it requires a big investment. But a lot of that is being done in conjunction with local governments.

Mr. HORN. Does GSA have a sort of motivational way to get the other Federal agencies to either learn about the equipment or to get wiring to do the equipment? Just to what degree is GSA sort of the overall person for giving them ideas of new technology which maybe their teenage kids might give, also? What can you do to improve things?

Mr. CHISTOLINI. Well, we do have an Office of Government-wide Policy that regularly brings people together from different Federal agencies to basically share good practices on the use of space, the use of equipment, and meeting the needs of the citizens for infor-

mation and for access to information across the country. So a lot of that has been done.

There has been a number of joint projects that have been done with agencies such as IRS. I believe the President's budget announced today will show that there is some funding in there for some additional projects that will both ensure security of the information, as well as the dissemination of that information.

Mr. HORN. Does GSA work with a lot of the different Federal agencies in the regional offices so they can coordinate the delivery of these services to the public, and has anybody ever assigned and looked at the situation as to are we mostly talking about the taxpayer, or are we talking about other officials at different levels, or what? Or are we missing something somewhere?

Mr. CHISTOLINI. Well, most of our emphasis has been on providing a good infrastructure inside of a building so that agencies can meet their individual needs. Most agencies are determining for themselves how they will deal with the public. GSA tends to look at how we can put the right infrastructure in a building so that an agency can meet its needs in whatever way possible.

Mr. HORN. A lot of buildings are being broadbanded now when people move in, and certainly in the private sector. Have we done much of that with the public sector?

Mr. CHISTOLINI. We have done quite a bit of that. And we are also making our buildings more accessible to the telecommunications industry so you could have multiple providers in a building which would meet individual tenants' needs.

Mr. HORN. There is a partnership for intergovernmental innovation, and I wondered the degree to which the GSA initiative works with all those levels of government, could we implement an electronic type of government? Has anybody got a laboratory where they do that at all now? I know you try to show them what the latest instrumentation is, but is there a human component there where you have got to really help them work their way through?

Mr. CHISTOLINI. Well, we actually have one in the GSA central office in Washington—in fact, it is just above my floor—where we partnered with Carnegie Mellon Institute out of Pittsburgh to lay out the space, do assessments of people's abilities to work better before they moved, and actually surveyed them about how much efficiency they gained after. And that is based on the space, the layout, the furniture, the ergonomics, their access to information, the climate control, their ability to control that climate in their work space. And we have published quite a bit of results on that and information on that. We share that with the private sector.

Mr. HORN. Carnegie Mellon is the institution in the country that is perhaps the major university in terms of looking at computer security. Have you also involved them with computer security so—we have got privacy files by the millions in the Federal Government, and what do we do to really make sure peoples' privacy is kept as private as we can?

Mr. CHISTOLINI. That is a little bit out of my area, but I do know that within GSA we have an Office of Information Security which has been working with Carnegie Mellon on those issues, as they have been working with the rest of the Federal Government to provide better cyber-security, if you will.

Actually, one thing on the innovative sharing of information, we have worked quite a bit with the State of Pennsylvania, which has done some innovative—I will call them green offices, where we have shared best practices about what works for people being able to work both in the office, and also to be able to work say 1 day out of every 2 weeks at their home or some other location.

Mr. HORN. That is very helpful.

I see that Mr. Ink has come, and we are delighted you are here. Mr. Ink has testified before Congress for 50 years. I do not think anybody else has that record. Only John Quincy Adams came maybe close, an ex-President.

Mr. INK. I was a little young when he was President.

Mr. HORN. You and Strom Thurmond.

Mr. INK. Yes.

Mr. HORN. But we are glad to see you, and we would like for you to give us your perspective, because you are the one that started a lot of this in terms of regional field organizations. So go ahead and take your time.

STATEMENT OF DWIGHT INK, PRESIDENT EMERITUS, INSTITUTE OF PUBLIC ADMINISTRATION, FORMER ASSISTANT DIRECTOR FOR EXECUTIVE MANAGEMENT, OFFICE OF MANAGEMENT AND BUDGET

Mr. INK. When Chairman Horn beckons, we all respond. I hope the people in California realize how effective he is. It is great to be here.

This area that the committee is talking about today, is one that at one time was center stage in terms of Federal focus, as well as a State and local focus. But it is pretty much off the radar screen now in terms of interagency coordination or even coordination within individual major cabinet departments. I understand, Mr. Chairman, that there is interest in this committee on the interaction, both within the Federal Government and with respect to other levels of government. If I am correct, then that is what I would like to focus on in my testimony.

A bit of history I think is useful here. During the days of the Great Society, local assistance programs were being born, two or three programs a month, it seemed. They were trying to meet needs that had been long overdue in terms of recognition, and the cities were burning. So these programs were put together pretty hastily, and almost no attention was given to their delivery systems. It is a little known fact that management was deliberately squeezed out of the design of most of the Great Society programs because of a fear that management would drain those programs of innovation, and would stifle innovation. Of course, what happened was the reverse of what was intended. They developed a tremendous maze of bureaucratic processing and red tape, each program being developed by itself, without reference to other related programs within the agency or among other agencies. It was very difficult for communities and neighborhoods to coordinate the Federal Government. Any time an innovative and bold mayor or city manager or city council tried to put together programs drawing upon different Federal funding sources, they found that each one had a different form to fill out, different criteria, different standards to

meet. They had to meet with Federal people that were scattered perhaps in three or four different States. Smaller communities did not have the funds to deal with the fragmented Federal Government, and oftentimes those communities that most needed help from the Federal Government were the ones that had the greatest difficulty in utilizing these Great Society programs that were intended to help them. So it was very, very frustrating, and there was no one in a position to help the local communities draw together these fragmented categorical grants that were needed to attack these core problems in the cities.

With the support of the Bureau of the Budget, this problem was first addressed on a department-wide basis when the Department of Housing and Urban Development was established in 1965. To compensate for the fragmentation in HUD, which was similar to what you find in every department in Washington, as HUD was established we set up strong regional offices around the country. And these regional offices did have full authority to act, which is somewhat unusual.

Secretary Weaver, who was the first Secretary of HUD, insisted that those offices be headed by career people, not political appointees. As head of HHFA, he was sick and tired of the problems and the corruption that grows out of the political pressures in administering programs. This pressure is very different from the political process which is absolutely vital and essential in establishing policy. But he felt it was very important to be able to administer assistance projects on a non-partisan basis.

Each region was headed by a career person at the top of the career ladder, a GS-17 or GS-18. And there was an Assistant Secretary for Administration, which at that time had a lot of strength in the department, who was assigned the responsibility for monitoring the departmental system to make sure that these headquarter units did not negate the freedom, the initiative, and the authority that the regional directors had. There were also metropolitan expeditors assigned by these regions to go out and rove around the communities in which these regional directors were responsible, they would talk independently with the local officials to see what problems, from their perspective, might be emerging, so that they could be dealt with by the region before they developed into serious issues.

Now, this is very significant, because what I am talking about is just the precise opposite of how we approach these problems today in most instances. Because these were established, these were designed, the whole system was designed not from the perspective of Washington, but from the perspective of the local communities, neighborhoods, and to some extent the States. In those days the States were not regarded as very strong, so the focus then was more heavily upon the local communities.

That field structure worked very well. But that was only one department. So that left the broad coordinating difficulties still in place for departments that needed to draw upon, for example, the Labor Department, poverty programs that were then in HEW and HUD, that would deal with a major community or neighborhood that was perhaps devastated by fires and riots. At the time Johnson left office, the frustration level was extremely high. And by far,

the greatest criticism directed toward the Federal Government at the time he left office was this problem of Federal assistance programs being such a managerial and administrative mess. Even though Johnson intended these to help people, often they were just getting in the way of the help.

When Nixon came into office—and this is quite different from the image that most of us now have of Nixon—with all this political flack, with the grant system, reforming it was initially his No. 1 domestic priority. Within a few weeks of his inauguration, he issued a whole series of orders to begin to make sense out of the Federal grant system. He ordered that the whole country be divided into 10 regions, and that each of those 10 regions have a regional city. By the way, San Francisco was 1 of those 10 regional cities. And each of these regional cities would have a regional council. I had the job of overseeing the execution of this order.

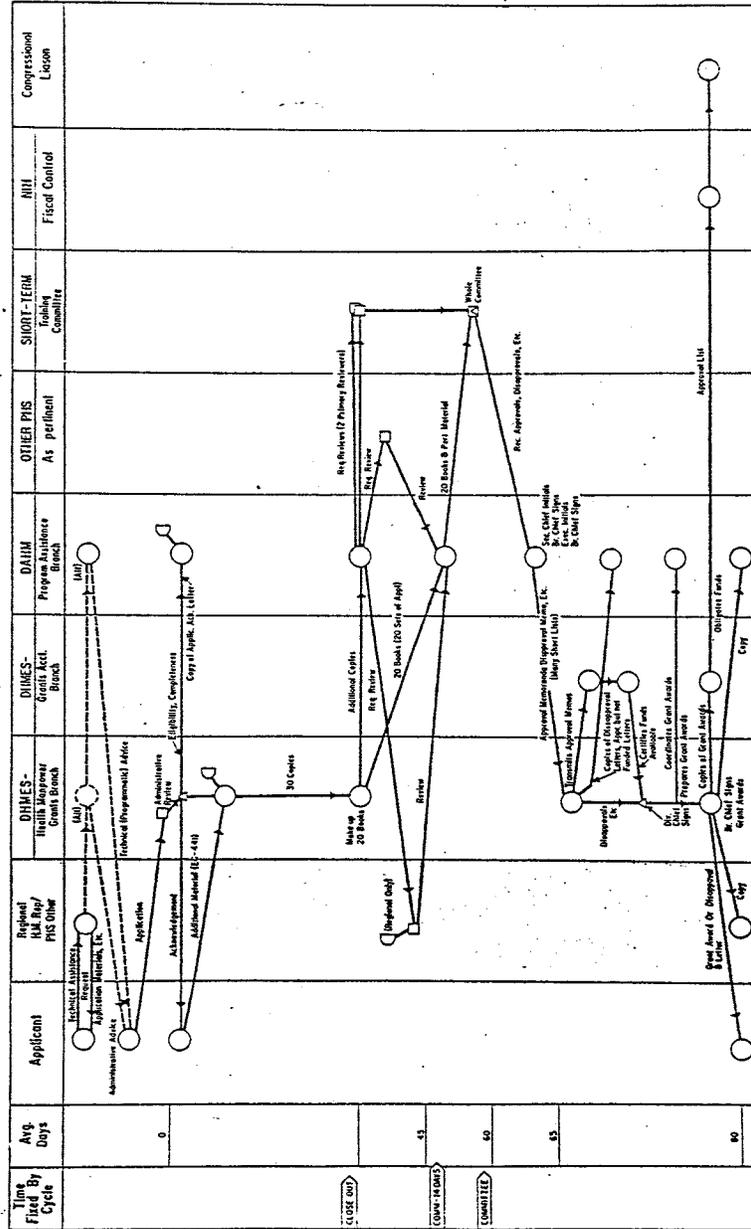
The regional council was patterned after what we found to be very successful in rebuilding Alaska after their earlier earthquake. Alaska was so remote that I set up a field team in Alaska composed of the top Federal official from each of the major departments and agencies that were involved: the Corp of Engineers, Defense Department, Interior, HHFA, and so on. They functioned as a coordinating group. We did not give that field team any authority as a group. The authority they had to utilize was the authority that the individual members had from their own department. The 10 regions we set up much later across the country were patterned after that Alaskan experience.

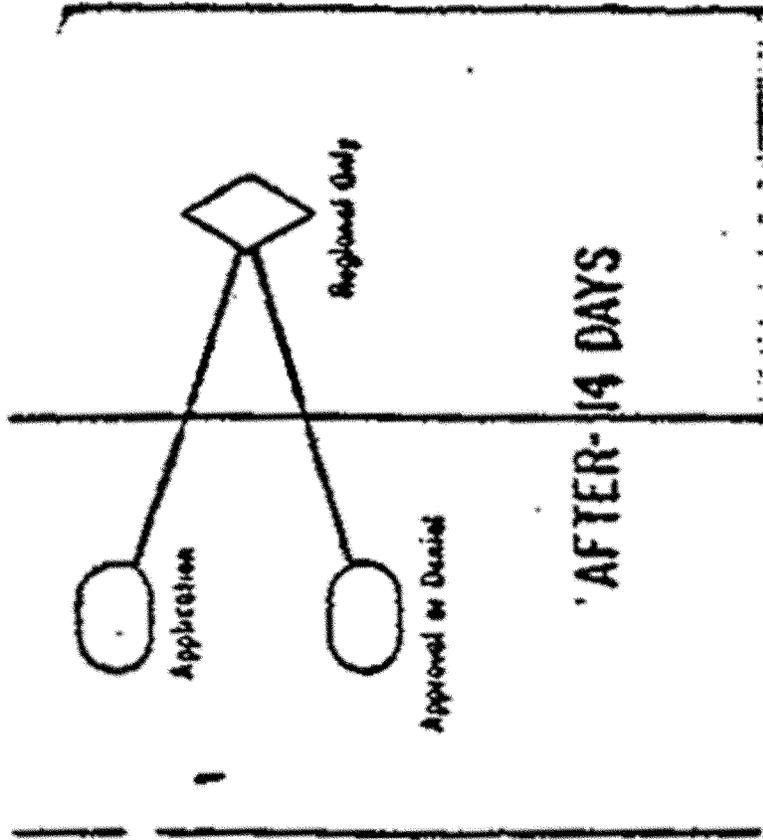
We also set up what we called “council watchers” out of the Bureau of the Budget in Washington. They spent a great deal of time in the field meeting with these councils to make sure that they facilitated action, rather than becoming another layer. That was our greatest fear, that they would in time become another layer, and simply delay things, rather than expedite. That is the reason that we had the OMB people out working with the councils. These OMB people also were visiting with local officials and State officials to see how the Federal grant system was functioning from their perspective. We tried, only partially successfully, to get the departments to shift a number of high grades from Washington out to the field. We were more successful with respect to getting the delegation of authority on grants moved out to the field.

This new arrangement was very, very successful, to the point that we had several joint letters from associations of mayors, Governors, and city managers, State legislatures, complimenting us. I would like to ask, Mr. Chairman, if for the record I could submit a before-and-after chart that will illustrate the difference in the processing of a grant application between what happened before and what happened after the grant simplification. I would like to also mention that this chart that I give you was not just one program process, it was the process for 21 programs in HEW. What I am showing you was audited by the General Accounting Offices, this is not a PR piece.

Mr. HORN. Without objection, the items that Mr. Ink has submitted will be put at this point in the record. If there is anything else you want to talk to on those records, we would be very grateful. [The information referred to follows:]

PUBLIC HEALTH SHORT TERM TRAINING GRANT REVIEW PROCEDURES





Mr. INK. The amount of effort, the number of people that were involved in the processing of grant applications in the Federal Government was often cut by between 50 and 95 percent. That meant the time of processing was cut by that amount. That meant that the local officials got a yes or no answer much, much quicker. Furthermore, they got a clearer answer. Because we found that when things were being processed in headquarters, going through all these offices, that you ended up with some kind of a compromise language in the response that was often ambiguous. And headquarters wanted a lot more information than the field, because the field was much more familiar with the problems and more familiar with the local leadership. So that reform was very successful for a time. But we no longer have it what happened?

First of all, as the second Nixon term got underway there was tremendous pressure to politicize these field leadership positions. And the same thing happened with respect to the assistant secretaries in Washington. Those positions were also fragmented as they shifted from career to political positions. This started under Nixon's second term and continued under President Carter.

So the credibility of the system dropped. The delegation of authority got confused as a number of the headquarters people found ways to undercut the delegations to the field. Consequently, the field was no longer in a position in some agencies to give the kinds of quick, clear answers they had given earlier. And there were a few other problems, too.

The 10 regions also began to disappear. Some of the agencies decided that they could do better with a different configuration, and therefore shifted away from the 10 common regions. That got us moving back to where we were before, having to deal with different agencies in different States for a single project.

Attention to the field structure has declined ever since 1972. But attention accelerated during the last few years under reinventing government. What I call benign neglect became pretty complete. There are a few individual cases of individual programs that have been trying hard to be more responsive to local governments. But interagency field cooperation and the intergovernmental cooperation is gone. It is dead.

Most of the reforms that we have seen, as I mentioned earlier, are from the standpoint of Washington, not from the local view. You saw that change when reinventing government came into town and HUD was reorganized. HUD needed reorganizing. The delegations in the field were terribly confused. There was a lot of concern about the politicizing of different parts of the department. So it was a department that had been in trouble for some time and needed a lot of change.

But instead of designing the changes from the perspective of what is needed in local governments, it was designed primarily to help the assistant secretaries in Washington. So they not only abolished the regional offices, but resorted to an old-fashioned, out-of-date, stovepipe organization, which is where HUD is today.

There has been no effort to begin to link up in any meaningful way the different departments in their response to local governments. Some people say we needed that linkage when we had a lot of categorical grants, but no longer. Last week however, the Sec-

retary of HUD said, "We have over 300 categorical grants in HUD," so it seems to me that the categorical system must still be alive and well.

I think there is, Mr. Chairman, a growing recognition, though not as well recognized as it should be, that we do need to give renewed attention to the field structure of the Federal Government, but we need to give it attention in light of how it can best serve the States and the local communities, not how it best serves the Federal Government in Washington. Not how the structure best serves the bureaus in Washington, but how does it serve the city manager and neighborhood leader or the mayor. That is what needs to be done.

But I would also strongly caution against trying to make changes until we know exactly what the problems are from the perspective of local officials, from the perspective of these local neighborhoods. What we did when we set up a coordinated system in the beginning, was to work with both the public interest groups—we called them PIGS—public interest groups, and the individual mayors and city managers. We actually flow-charted what was happening in the grant system. Because if you ask any official in any level of government what is happening, they cannot say because they are not in a position to see the whole picture. They are not in a position to see the totality of the red tape that grows up within our system. And once you see what that is, then you know precisely where the greatest delays are. You then have an opportunity not to just nibble at the problem, but to reform the system.

So I would strongly urge that we do that now. We need to start from scratch. And this can be done quickly, finding out what the problems are, where the impediments are, how serious they are, and at what level.

The bipartisan Intergovernmental Cooperation Act in 1968 gave me an excellent legislative base on which to move forward with the new federalism. Today we do not have anything quite that useful, but I would think that the Government Performance and Results Act with innovation and imagination, can be very helpful to the Congress and to the OMB in moving ahead with the kind of analysis I was talking about, and toward determining needed improvements.

As you know, the incoming Bush administration has, as one of its objectives, that of moving the Federal Government toward one that is, "citizen-centered and not bureaucracy centered," and an intent to finally put the "M" in OMB. Now, of course, we have heard that before. We have heard it over and over before. And I have long urged, as I know the Chair has, that we move to a separate Office of Management, because OMB has always been dominated by the budget process. But I would also argue that I think Mitch Daniels and Sean O'Keefe know more about management than most leadership in OMB. They are determined to move ahead. And until we are successful in getting an Office of Management, I would urge

this committee to do everything you can to provide them with support and encouragement as they move forward to try to carry this out against pretty formidable odds.

Mr. Chairman, I have tried to cover the highlights. I am ready to answer questions.

[The prepared statement of Mr. Ink follows:]

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Testimony of

Dwight Ink

Before the

**SUBCOMMITTEE ON GOVERNMENT EFFICIENCY,
FINANCIAL MANAGEMENT AND
INTERGOVERNMENTAL RELATIONS**

Hearing on Federal Regional Offices

December 9, 2001

Mr. Chairman and Members of the Committee:

I am pleased to respond to your invitation to testify on the topic of federal government regional offices. It is a subject that has been of interest to me over the years, but one which has received little interest in Washington the past 25 years. I find this disinterest odd because regional and other field offices are where most of the federal workforce is assigned and where most of the personal interface with the public takes place.

I understand you are particularly interested in the interaction among regional offices and with state and local governments, as well as any other organizations involved in governance. At one time this interaction was on center stage with respect to delivery of government services. In particular, regional offices played a key role in the intergovernmental initiatives of President Nixon's highly regarded New Federalism. Today they are off the radar screen of management modernization. Perhaps some discussion of what has happened would be of interest.

Departmental Regional Offices

During the rapid unfolding of President Johnson's Great Society local assistance programs he initiated to meet inner city problems ignored over the years, hastily designed federal delivery systems grew into a nightmarish morass of bureaucratic confusion and red tape. Because of limited confidence in local governments, detailed controls were imposed and administered from Washington. Communities most in need of the programs had the greatest difficulty coping with this procedural quagmire. To help put together closely related federal assistance programs needed to attack the complex issues city leaders faced in neighborhoods that were wracked with increasing violence, there was no one in a position to coordinate the funding sources among the federal government departments or even the delivery systems within a single department.

With the support of the Bureau of the Budget, this problem was first addressed on a departmental basis by the 1965 establishment of the Department of Housing and Urban Development. The more difficult community crises were not restricted to an individual problems that could be addressed by just one of the dozens of separate HUD programs. There were nearly always a number of interrelated problems requiring a multi-pronged attack. To compensate for the fragmented urban legislation and the separate headquarters units concerned with policies, HUD endeavored to connect the various programs operationally at the regional level so that the Department could respond to core problems that were tearing neighborhoods apart, leaving devastated areas in their wake. Though many regional offices within departments had been set up over the years to handle programs of individual agencies, this new objective resulted in the first set of true departmental regional offices.

Regional offices in HUD were given operational authority over the department's urban development programs, leaving the headquarters officials more time to deal with policy formulation and oversight. In order to assure the regional directors had the capacity to fulfill this important role which was unprecedented, they were given GS-17 and GS-18 ranks, tops in the career service at that time. After a very tough battle with the Democratic National Committee that involved the President, Secretary Weaver risked his job by insisting that the field leadership be career men and women, and that grants be awarded on a nonpartisan basis. This was important. The Assistant Secretary for Administration had the assignment of monitoring the operation of the field offices and ensuring that headquarters staff did not undermine the capacity of the regional offices to carry out their responsibilities. Regional offices had "Metropolitan expeditors" that functioned as roving troubleshooters to learn from local leaders of emerging problems before they grew into serious issues.

Not only were these regional offices able to integrate programs, they were able to make decisions much more quickly at the regional level than when everything in field offices had to go to Washington for decisions by people who had far less knowledge of the communities seeking help from HUD. Handicapped by unfamiliarity with local conditions, headquarters operations required more detailed information, far more reporting, and greater red tape in trying new approaches in response to varied local needs than regional decision-making made possible.

In sharp contrast to later years, HUD was then regarded as one of the most effective organizations among the domestic departments and agencies. But the general slow, costly federal response of the domestic departments as a group continued to characterize their response to local problems as the Johnson Administration ended.

Regional Cooperation

Complaints from state and local officials had reached a crescendo when Nixon took office, and reforming the federal delivery system was a top domestic priority for his Administration. Out of this was born the New Federalism, of which the new approaches to regional structures and operations became key components.

To utilize related federal assistance programs, mayors and city managers often had to work with three or four agencies scattered over three or four different states. Therefore, in 1969 OMB developed ten standard regions, each with a regional city, and each with a regional council composed of top field officials from the departments involved. The concept was built on the interagency field team established in Alaska to coordinate the rebuilding of Alaska after its devastating 1964 earthquake. As with that field team, the 1969 regional councils had no special authority, relying instead on the departmental authority of the participants.

In order to make the councils functional, however, each department was ordered by the President to decentralize so their council members would have enough authority

to participate effectively. Departments were also urged to shift some of their higher grades from headquarters to field, though this encountered surprising resistance. This decentralization was also a major factor in the successful drive on slashing red tape, often cutting the time for approving grants, for example, by 50% to 90%. I would like to submit for the record a before-and-after example of how the assistance delivery system was reformed. Also important, the federal system became more flexible and was far better able to adapt programs to the needs of individual communities, each of which is unique. The BOB management staff, later the OMB, had "council watchers" who spent much of their time monitoring the councils to help make sure they facilitated rapid responses rather than becoming another layer of bureaucracy.

These reforms did not solve every problem by any means, but the improvement was remarkable. The big seven public interest groups sent letters of commendation on the success of this reform that brought government closer to the people. It brought about tangible changes that made a difference to communities across the nation.

This regional system of decentralized cooperation among the federal agencies no longer exists. What happened?

Decline of Regional Offices.

Today we still have a large number of regional offices for individual agencies, but the broader concept of interagency cooperation in working with state and local groups through regional structures is dead.

The first setback was the move in the second Nixon term and continued under Carter to replace career leadership in the field with political appointees. The typical political appointee was not as knowledgeable with the programs and had to do more checking with Washington before acting. The resultant reintroduction of partisan politics in the award of grants created additional problems. The replacement of

career assistant secretaries for administration with political appointees, combined with the gradual fragmentation and weakening of those positions, removed much of the headquarters' capacity to monitor the system. In addition, the delegations of authority to the field were undercut by informal requirements for Washington consultation before taking action. The OMB council watchers were eliminated as OMB merged a number of management positions with budget examiner positions. Finally, over half the participating agencies eventually drifted away from use of the common regions. Today no one is left in the departments who even remembers what the regional system was like.

Where are we today?

Attention to federal field operations has declined rather steadily since 1972, reaching a peak of benign neglect under the "Reinventing Government" effort of the last several years. The intergovernmental area has also received less emphasis. The whole New Federalism movement was designed from the perspective of the citizens and their local leadership. By contrast, most attempted reforms are designed from the perspective of Washington officials, which is the wrong perspective. Eight years ago when the incoming HUD leadership looked at how to revitalize an ineffective department, they should have begun by looking at the serious problems that were handicapping the Washington-field arrangements and their delivery system. Delegations of authority to the field, for example, had shrunk and were quite limited. Instead, their reorganization was designed from the perspective of the new assistant secretaries, resulting in the abolition of the regional offices and a reversion to an outdated stovepipe structure, which is the last thing HUD needed.

I believe there is a general recognition that we should renew attention to the federal field system and its effectiveness in carrying out the missions of the domestic agencies. Not only is it important to look at the effectiveness of intergovernmental

management, but also the relationships with nongovernmental groups concerned with community life. We should look at the broader concept of governance.

In doing so, I do not suggest rebuilding the earlier field arrangements. Conditions have changed. States now have greater capacity. E-governance now has far greater potential than in the earlier days, though electronic developments cannot substitute for the human dimension in negotiating and managing discretionary grants and agreements. The Secretary of HUD says his Department has at least 300 programs, so the cumbersome categorical assistance system appears to be all too alive and well. Another factor is that OMB and the departments no longer has the general management capacity to design and monitor the former regional system, even if it were desirable to restore something similar.

We need to start from scratch in reassessing what impediments the federal field establishment and the states and local communities now face in reaching the goals embodied in assistance programs. This needs to be done before determining what changes are needed in the current field structure and operations. I would suggest Bob O'Neill, President of the National Academy of Public Administration, as one of those most knowledgeable in this area of intergovernmental cooperation. Examining the need for consolidation and elimination of those programs that are not effective is also needed but beyond the scope of this discussion.

The bipartisan Intergovernmental Cooperation Act gave me an excellent legislative base on which to design the New Federalism in 1969, and to work in partnership with the Congress. In a similar fashion, I believe the current Government Performance and Results Act could be very helpful in improving our federal field arrangements and increasing attention to intergovernmental affairs.

The incoming Bush Administration has as one of its objectives that of moving the federal government toward one that is "Citizen-centered—not bureaucracy centered", and an intent to finally put the "M" in OMB. I realize that prior

administrations have announced similar objectives that were never reached. And I know that OMB is encountering difficulty in attracting the high caliber person being sought to fill the position of Deputy Director for Management. The management role of OMB has declined to the point that this position is not as attractive as it should be. However, Sean O'Keefe, the new OMB Deputy Director, is held in high regard and does intend to move forward. I urge this Committee to provide support and encouragement as he and the Director strive to carry out these worthwhile objectives against considerable odds.

Mr. HORN. Let me try one out on you as to where those that are not in the field, but still in the bureaucracy in Washington, is there any way to have a different type of management, or is it simply carrying out the Secretary's will, shall we say, or the President's will, and then they say, "Do it to them," or is there a way that decisions can be changed based on actually what they find out is going on in a community? In other words, what do we really need? Do we really need any sort of regional structure?

Mr. INK. I think we probably do, but we do not know for sure until this analysis is made that I am talking about. It is very difficult to have in individual field offices the kind of skills and expertise that you can gather in a regional office. On the other hand, it is also very difficult in Washington to handle the operational problems that you can handle in a regional office. Not only is it difficult, but the more operations you pull into Washington, the more that tends to squeeze out the policy role of headquarters, the more it squeezes out the monitoring and oversight role that is very important for a headquarters office. And the more operational responsibility in Washington, not only does that limit the amount of time and effort they can devote to oversight, but it also detracts from their objectivity, because they are oversighting what they have already been a party to developing.

I think we would not want to rebuild what I built back in 1969. I am sure it would look very different today. I am sure it would be much more streamlined. I cannot imagine needing as many people. The e-government developments would enable us to do things that we could not do then. But I would caution against people falling into a trap of thinking that electronic advances can fully substitute for human judgment. And human judgment is best and most effective when it is out in the field where it knows the people, where it knows the conditions.

Mr. HORN. Of course, when you have got regional offices in San Francisco, you have got tremendous costs that you would not have in other parts of the country. And how do we deal with that? Should we have a lot of regional offices in Barstow and Needles, CA?

Mr. INK. Well, when we set up the regional offices around the country, we pulled in people that had been trying to staff up some of the local offices, and not very successfully in many instances. So what we did was draw some of those people into the regional offices. We were successful in doing that without increasing the overall staff. And I would think that could be done today.

Mr. HORN. Well, you have heard some of the things Mr. Ink has said. Do any of you have a response on that? Mr. Chistolini and then Mr. Henton, Mr. Stoker.

Mr. HENTON. I'd like to make a comment on I think what Mr. Ink said is so valuable, not only because it gives us a historical perspective, but I think it gives us a way of looking at where we need to go. And the historical perspective that was being discussed is very intriguing. If you go back to that early experience that he described with HUD trying to bring together their programs at the regional level working with local officials, and a phrase that I actually was not aware of, the notion of metropolitan expeditors is exactly what my testimony was about. The idea of creating a way

where local communities can come together and identify their problems, and then bring the Federal agencies in and try to expedite some of these decisions. Where the physical location of the regional office is probably less important than having Federal people as part of the team. And I thought that was very, very interesting, and I was a little bit aware of that history. So I think there is a lot of interesting things to be looked at here.

The other thing is, I just want to comment, the first Federal official that I ever worked for was Elliott Richardson when he was Secretary of HEW. And one of his biggest concerns was categorical programs. At that time, in 1970, 1971, there were 1,000 categorical programs across the Federal agencies, and about 300 of them in HEW.

He introduced an idea which was not implemented, but I still think it is the best idea, which is called the Allied Services Act, of trying to connect these categorical programs so that they are more responsive to local needs. But he realized how hard it was, and he always use to comment that he thought the Federal Government had a hardening of the categories. [Laughter.]

So there is a tendency here, and again I just want to reinforce what Mr. Ink said, I think it is absolutely essential. But when I was in school I studied with a public administration professor named James Fessler who wrote a famous article about area and function. He basically made the point that there is a cycle effect here. That Federal agencies will organize by function, realizing that is not responsive to local need. Then they will reorganize by area. Then they realize that they cannot deal with accountability, and then they reorganize back. This article was written in 1958, and it predicts exactly the phenomenon that we are seeing here, which is this sort of swing back and forth, when in fact you need both, area and function. I really think that is an opportunity, with information technology, to rethink how we do things. But I just want to reinforce what Mr. Ink said. The notion of a bottom-up strategy, figuring out what the needs are, and organizing to the needs of local communities is something that I think could be done. There are communities all over this country that would love to participate in that. So I just want to reinforce that.

Mr. HORN. Let me look at another angle here. Many of the corporations that survived through the recession from 1988 on up to now, many of them found that when they cut out a lot of middle management people, the corporation focussed better on helping the customers. Of course, we are talking about how do you help the taxpayers that pay the bills of the government. And I just wonder, in an age where you have got communication that just can overwhelm people, but certainly has something where they can communicate to a lot of people that have not been communicated with, it seems to me that we ought to take a look at do we need more, do we need less in Washington, or in the fields where the real problems are. So what do you feel?

Mr. HENTON. Well, Mr. Chairman, if I could just comment on that. I think that is a very important lesson for us, and the private sector lesson is a very good one. In the early 1990's when we had a slowdown, what it led to was a way of thinking about businesses, which led to what would now be commonly called downsizing. I be-

lieve that the results of that, now documented quite seriously in the business literature, was that many of those downsizing efforts were a mistake. What you really want to do is streamline your activities around strategic intent, and you want to make sure that you build that across teams where you make the customer the focus. And the most successful agencies might be very streamlined, but they are aimed at the customer. So the absolute downsizing itself actually resulted in a fascinating phrase which emerged in the late 1990's which was called organizational anorexia, where there were not enough people in the agency to actually perform the services.

So I do think that just simply downsizing in itself is not the answer. The answer is customer focus. And if you can get the Federal Government to use information technologies, organizational strategies, and anything that we can to put the customer in the driver's seat, I think you will have happier taxpayers.

Mr. INK. Mr. Chairman—

Mr. HORN. Mr. Stoker, go ahead.

Mr. STOKER. Well, thank you, Mr. Chairman. The one thing that I think is important, as we look at this whole issue, is the function of government. And if you look, in the last 20 years, one of the most expansive areas of the Federal Government is—and as I mentioned in my comments, the two focuses that I had the most dealings with were regulatory issues, or where social services were provided.

I think where government at the Federal level has changed substantially and significantly over the last 20 years is in that whole area of the regulatory framework. When you look at clean air issues, clean water issues, Super Fund, CERCLA, Wetlands Act, Endangered Species Act, if you look at how the Federal Government was, say, interrelating with my constituents in Santa Barbara County 25 years ago in regards to those issues, it was basically non-existent in many cases. Clean water acts and clean air acts weren't even written until the early 1970's; the Endangered Species Act and the Wetlands Act, and how they are being enforced, especially in the west and out here in California.

And so it is, I think, imperative to look at the function of government you are dealing with. As you talk about more or less people in the field, and this gets back to my concerns that I mentioned in my opening statement, what I saw, as a county supervisor from Santa Barbara County, what I dealt with as chair of the Ag Labor Relations Board, and certainly as an attorney in the private sector representing people who were the subject matter of compliance issues, getting all the stakeholders in the room to solve a problem, whether we are dealing with the Wetlands Act, the Army Corps of Engineers on the Federal side, Fish and Game on the State side, the county had our own people that would be involved in terms of environmental issues, getting all those people in that same room was a very, very difficult task. Which is why, as I mentioned in my comments, typically we would either—one of two things would happen. Frankly, either we would go to a good representative like you who had a lot of clout that would force those people from the Federal side to come into our district and sit down at the table, and go to the State counterpart to do the same thing with the State

representative, or we would be off going to Sacramento or we would be off going to Washington.

I think the more you get on compliance, regulatory issues, and more and more that is a bigger issue of where the Federal Government is involved in our lives and involved with local government, I would bet you that in terms of problems that need to be solved, as we sit here today in terms of Santa Barbara County, 70 percent of the Federal issues that need to be solved would deal with regulatory and compliance issues. Which is why it is so important to have, whether you create a system that requires in those regions that they know—there are a lot of turf battles going on here as well, you know. The Federal side does not want to have to go to the State offices over in Sacramento; the State folks do not come over here unless they have to come over here.

And it happens usually at the very end of a system either breaking down, or where finally a resolution has come into play, that all of those stakeholders meet in that room and have that final sign off. But what you have to do to go through the mechanics to get those people there, where the ideal situation would have been actually in the field, so they understand it better and are dealing with the stakeholders better; I think that is the focus of where we have to be in regards to having that intergovernmental relationship, that hands-on is going to make a world of difference.

Mr. HORN. Any other comments on that aspect? Mr. Ink, you have another point to make?

Mr. INK. Yes. Two things. One, again you do not really know whether you want to reinvigorate certain types of streamlined regional offices until an analysis is made. I think you probably do, but I could be wrong when you see what the facts are, see what the local people, local leaders say, and you see exactly where the delays are, where the confusion exists. But it would not make sense to do that at all unless there was a restoration of authority so those people could act. You do not want to set up a regional office to be just another layer in the government.

Second, there has to be something which is totally non-existent today, there has to be a restoration of some management capacity in OMB to monitor the system, to make sure that whatever it is, whatever the field office system is, it functions and it moves, and it can expedite rather than slow down the process. That is essential.

Mr. HORN. Yeah. Now, we have got an explosion of assistant secretaries, assistant deputy secretaries, deputy assistant secretaries throughout the Federal Government. Now, how do we get a clarification of policies in some sensible way, when all of these bureaucracies have built up since President Eisenhower's time? And that bothers me.

Because I think of the case where the district engineer of the Corps of Engineers in Chicago, they had to go through three district engineers, and there are two or three, never to solve the problem, never could get the right people in the room, all the rest of it, and meanwhile millions of dollars are being eaten up by people either in floods that happened to them because they could not get the thing moving, or if it is a corporation, if they are losing money they could put on helping lower this bill or that bill.

And so what would you do in terms of what kind of an internal agency operation in getting a policy focused on the people, and then you can put it out there, and they might say, "Well, gee, that does not make any sense." Well, then you deal with that. And it worries me that we have to go through three district engineers before something finally happened in Chicago. That is 6 years gone.

Mr. INK. Mr. Chairman, I have never found that to be a very difficult problem. What you have to do is find out what the facts are, you have to trace through the trail of what is happening. Once you get that down in black and white, then it is much, much easier to see that you have more layers, more checkpoints than you need.

In domestic agencies, the one dimension that has not been looked at except a little bit by Paul Light, is while we have been cutting back on the career levels, we have not on the political levels. So the number of political appointees is alive and well.

We found, in interviewing this past year a number of the top Presidential appointees from past administrations—including three chiefs of staff and other very well-known Presidential appointees—a growing recognition that there is a mismatch. Now, this does not apply to the Corps of Engineers, but it applies to a lot of other places. A mismatch between the capacity of the Presidential personnel office to screen political appointees, and the large number of political appointees, so that once you get below I would say the sub-cabinet level, there is virtually no time given, no time available for the White House to give to the qualifications of those people.

Second, the low level political appointees do not know the President. And while they support the President in an election, and they want to support the President, they do not really have a very good feel for his objectives, once you get down to specifics. And worst of all, a large number of those lower-level political appointees don't owe their principal allegiance to the President, or they owe it to a special interest group or some major political figure that got them the job.

So on a specific issue in an area in which they owe their government appointment, if there is a difference between the President and their patron who got them the job, their first loyalty, in most cases, is going to be to the patron, not the President. And that means that you do not have accountability to the public or your elected President.

So you have, in some of the places like the Corps of Engineers, an organization that has become somewhat fossilized over the years. I would argue that they have extremely competent people in the Corps of Engineers, but there is too much overhead. And second, in many of the non-defense agencies there are too many political appointees, and it is hard to get the President's word down clearly to the career people. It gets diffused, and it takes time, it takes effort, and excess political appointees cost taxpayer money.

Mr. HORN. Well, I think you are right on that. But I think we have got to tighten up, as the last administration did, in some agencies, and cut out some of the people that are just initialing things and not really creating things or focusing things.

Mr. INK. The problem with the last administration was not that it cut out people, but it did not know what it was cutting out. They did not look at what the jobs were, they did not look at any flow

charts and so forth, they just cut people. And we found that in some instances they cut out the wrong people. And they sometimes cut out the people you needed for leadership. We are really talking about governance, which is beyond government, because to make things happen and to respond to these problems in the community, we are also talking about non-government organizations that play a crucial role in making things happen. They need to be energized, they need to be brought into the picture, and we are not doing that well. And the cutting that was done in the last administration did not take that broader perception into account.

Mr. HORN. Well, I have seen 25, 30 people added to the Secretary's office by very young assistants, and President Eisenhower had one or two with a cabinet member. And I have not seen anything improved in decisionmaking when we have all of these people running around and sort of picking up—or the ones in the White House often picking up the phone and saying, "Hi, Mom, you know. Here I am, here in the White House now." And there are too many people in the White House operation. There are around 1,600 people in those various things. Now, you have spent a lot of time with them. Maybe you disagree on that. But I think there are too many people clogging up the whole decisionmaking process.

Mr. INK. Yes. I would say there are two basic dimensions to that problem. One is the one that you just talked about, which is a very real problem.

And there is another problem which is really more difficult to deal with. And that is, as the Federal Government has become more fragmented, it is less and less possible for a cabinet member to formulate policy and to coordinate the programs because they are spread over a number of different departments and agencies. That means that minor problems are forced into the White House, even if the White House does not want them. This fragmentation is pushing more and more decisionmaking into the White House, and it is pushing it into the White House where decisions are being made by individuals who are bright, but have not nearly the expertise in specific areas that you can draw upon in the departments.

It also means a loss of sense of ownership and public accountability, on the part of the cabinet members. The White House staff does not have the level of accountability that a cabinet member does, either to Congress or to the public.

Mr. HORN. Well, one of the things that you have is that as a cabinet member gets more and more knowledgeable about the agency over which he is presiding, that means that he does not want to take the people the White House personnel think are just wonderful for that particular agency, and they often find ways to say, "I do not want that person," and they want their own people. In a sense, that pulls them away from the President in many ways.

And then when you have got people within the bureaucracy that have been there between administrations, you have got the problem that they are just afraid to make a tough decision because it might be on page 1 of the Washington Post.

Mr. INK. I do not think it pulls it away from the President as much as most people think. It is that process that generates a lot of low-level political appointees who are really not accountable to the President.

I headed an agency for President Reagan and had several very good political appointees. I also had some political appointees who came over on the White House staff that had never met the President. Their loyalty was not as much to the President as it was to the special interest groups that got them their job. So I think it is a healthy thing for cabinet members to protest when the White House staff is trying to pawn off someone whose only qualification was that they were effective advance men or they contributed a lot of money. There has to be a balance that includes both competence and loyalty to the President. We do not have that balance at the lower level, in my judgment.

Mr. HORN. Well, I think there is probably a lot to what you have said. Anybody have any other things they would like to get out? Mr. Henton.

Mr. HENTON. Well, I think that again Mr. Ink makes a couple of very interesting suggestions, and I just want to follow-up on them. Earlier he talked about this notion of before you really understand what the Federal regional structure should be, you need to really sort of look at it bottom-up in talking to local officials and people in the field. And I think that is absolutely correct. To think about it differently today than maybe it was when it was designed, you know, in the original time period in the early 1970's.

The other thing that I wanted to just pick up on, and I will be happy to submit information on this, that I think the challenge today—and I hope Mr. Ink agrees with me—in 1970 the New federalism was an attempt, as I understand it, to try to sort out the roles of government and to push some of the responsibility back to State and local governments.

Mr. INK. Right.

Mr. HENTON. I think we are in a different mode now, and I do believe that the notion of the New Regionalism, the NAPA, the National Academy of Public Administration, which Mr. Ink is a part of, did a report a few years ago which is an excellent report on regions and how they are evolving, and the notion of civil-oriented.

Some of the organizations that we work with are public-private business organizations. This is a very helpful thing, it seems to me. And if the Federal Government could think about how to organize field offices not just in terms of how it relates to units of government, but how it relates to whole regions—

Mr. INK. That is right.

Mr. HENTON [continuing]. What a wonderful opportunity.

Mr. INK. That is right. That is the difference between government and governance.

Mr. HENTON. Right. And I am sure that you have probably seen that report. But the NAPA report was based on a major survey of what was happening around the country. I have some material I brought with me that—this group, the Alliance of Regional Stewardship involves 25 regions, and I have worked with Bob O'Neal, who is the head of NAPA on this, and I would be happy to submit this for the record, because—

Mr. HORN. I would love for that to be in the record. And without objection, it will be in the record.

Mr. HENTON. I think it is a very hopeful sign that there is this sort of bottom-up sort of intensity. The question is how does the

Federal Government, you know, relate to that new phenomenon. But there is a lot that could be done there, maybe on an experimental basis, trying out things.

Mr. INK. I agree.

Mr. HORN. Well, I am glad we see some consensus on that. Any further comments?

If not, we have here the list on those that we would thank for all their work, besides our presenters. And, let us see here, we have a lot of people helping us, so I want to—here it is. Russell George, the staff director, chief counsel; Diane Guensberg, professional staff member and on loan from the General Accounting Office; Bonnie Heald, director of communications; Earl Pierce, professional staff; Matthew Ebert, policy advisor; Grant Newman, assistant to the committee; and Brian Hom, the intern.

We want to thank Representative Pelosi's staff for helping us through this building, and the very fine people from GSA, Catherine Dodd and Raymond Mapa, the Senior Property Manager, and his staff; Patrick Vasco, Property Manager, the Golden Gate field office. And then Warren Sitterly, the Deputy Property Manager, Court of Appeals. We thank Bill Warren, the court reporter today.

We are going to recess now—well, he had better hurry. So, OK. We have a little problem here where members are around the State of California, but they were not in San Francisco. So bear with me, and we will just recess for about 5 minutes, and then we will recess. So if you have any bright ideas during this 5 minutes, let me know.

[Recess.]

Mr. HORN. We are delighted to have with us the chairman of the full Committee on Government Reform, Mr. Burton, the gentleman from Indiana, and also Mr. Ose, who is a Californian. A number of hearings will be held in his area, and he, with his new Subcommittee on Regulatory Affairs, are delighted to have him. He is an outstanding person, and he was on this committee last year, and he is an A-plus in terms of doing his job and all of that.

And we appreciate Chairman Burton letting us, as subcommittee chairmen, go ahead and get things done. So today we have had, Mr. Chairman, a very interesting group of witnesses. We are very interested in how effective regional offices are, what are we going to do in an age of telecommuting, and also communicating, and what we can do to help get messages out, and get information to the people that way. But we also want decisions that can help people, and not sit on some bureau in Washington. So, in essence, we have had a difference of opinion here in a number of ways which have been very helpful, and it will be a good written record. So if you would like to say anything or ask some questions, why, we would be glad.

Mr. BURTON. Well, I am glad you are having this hearing, Steve. And all I would just like to say is that I am sorry we are a little bit late. We ran into some traffic getting down here. But I am here to listen. You are the chairman of the subcommittee. I would like to find out if the location of the various offices that are performing these functions here in the State of California are located in areas where they are most effective. And just anxious to hear what the various witnesses have to say. Maybe they can answer some ques-

tions, or if they have already covered some of this, maybe they could refresh our memory by maybe re-covering a little bit of the ground.

Mr. HORN. Well, we have covered a lot of it. But why do we not just give a summary for Chairman Burton. Mr. Chistolini, the acting Commissioner for Public Buildings, might start it off, and then Mr. Henton.

Mr. BURTON. You do not have to restate the whole thing, Mr. Chairman.

Mr. HORN. But just sum it up as you see it.

Mr. BURTON. Yeah, let me hear it.

Mr. CHISTOLINI. Well, Mr. Burton—Chairman Burton, we do provide a lot of space in the San Francisco-Oakland area, more than 3 million square feet of government owned space and 1.6 million square feet of leased space. One of the things I would add, in terms of listening to the other participants here, is that a lot of our locations are really site-specific. For instance, a lot of Social Security offices have to be where the people are, where they can serve the needs. Here in San Francisco they have two: one in an area of Chinatown meets a specific need, and only one other for all of the city on Market Street.

Agencies are trying to use more electronics so they can be more responsive to citizens. As agencies get better in doing that it creates problems for us in being able to meet their needs. We are finding more agencies are trying to get out of cities, get outside of the areas, and get where their constituents are.

But there are also other agencies that, based on their organizational structures, they report back to Washington or, as Mr. Ink said, what kind of delegations of responsibilities they have, there are probably as many organizational structures as there are agencies. That probably impacts the delivery of services, also, as people go through and agencies go through organizational cycles.

Mr. BURTON. Can I ask one question?

Mr. HORN. Sure.

Mr. BURTON. In your opinion, are the agencies—are there any agencies that are located here in San Francisco that could be more effective or more efficient if they were located someplace else in California?

Mr. CHISTOLINI. Well, there is—agencies are making a lot of—again, they will certainly get a lot of direction from their national office. But agencies are making decisions based on cost. In my opening statement I mentioned that in the past year at least three agencies moved out of San Francisco based on cost. They moved to the Oakland area. National Park Service, where they could be closer to some of their other elements; the Customs Service; and the Federal Emergency Management Administration all moved to Oakland. And the cost of space which leads to the cost of government is a very important factor for many agencies.

Mr. OSE. May I followup on that, Mr. Chairman?

Mr. HORN. Absolutely.

Mr. OSE. Mr. Chistolini, on these agencies that moved, what was the factor, if you will, in terms of the differences between costs? For instance, if San Francisco was 100, Oakland was 50, 80?

Mr. CHISTOLINI. Probably 60 to 65, if that is the—if the baseline is 100, Oakland is 30, 35 percent less expensive in terms of space.

Mr. OSE. In terms of the agencies themselves correlating the, for instance, National Park Service. With all due respect, I do not see a lot of national parks in the Bay Area, specifically. I do see a lot of national parks, for instance, up in the Sierra Nevadas or north in the Cascades. If the concept got refined to the point where the agency was located in even a smaller city than say Oakland—actually I guess Oakland is bigger than San Francisco now, is it not, population-wise?

Mr. CHISTOLINI. In population.

Mr. OSE. If you keep ratcheting that down in terms of the size of the city in which the agency is located, do you continue to receive comparable reductions in cost?

Mr. CHISTOLINI. Well, you would. I think what happens is agencies then have to determine what their structure is. Simply putting additional offices in other cities may give you some efficiencies of closeness to the citizen or close to the customer. It would depend on the number of layers they have. Let us say if someone is in Redding, CA, who does that office report to? Does it eventually work its way back to a regional city? I guess the real trick is: Can you eliminate some of that middle management and still deliver good service?

Mr. OSE. That is what I am trying to get at, is that some of the comments in here indicate that with technology today we may not need as many branch offices or regional offices. That much of the interaction between managers and field staff can be handled electronically, if you will. So I just have to question—clearly there is a savings moving, in this example, from San Francisco to Oakland. But is that the end-all or the be-all of what we are looking for. I do not believe that the testimony here is that it is; that we can make additional savings if we leverage the technology that is available.

Mr. CHISTOLINI. Based on what I have seen in terms of being able to leverage technology, I am sure that agencies will be able to distribute their people out further and be more responsive, as well as being more cost effective.

Mr. OSE. Mr. Henton, would you agree with that?

Mr. HENTON. Well, I think that we have been talking today about the balance between information technology and face-to-face. I think it is clear that government can use information technologies to accomplish a lot in terms of information sharing, dissemination, being more effective. But I think the other point is that when you are trying to get people together to solve problems that revolve around complex issues, you still need a certain amount of contact face-to-face. The regional offices can play an important role in maintaining that sort of face-to-face.

Now, in terms of the cost, there are all kinds of ways to organize the facilities. But in the end, I think one of the points that we have been making is that there needs to be a Federal presence at the local level so you can have more of this interaction. You cannot do everything over the Internet.

Mr. OSE. Mr. Ink, one of your points is that, when it comes to the field offices, that those have suffered adversely as management

and staff has flowed to regional offices. Am I correct in understanding that?

Mr. INK. My concern is that there is what I call benign neglect with respect to the field structure. For the last several decades we have paid almost no attention to how the different field offices interact or fail to interact with each other, or how they interact or fail to interact with State and local governments and with non-government organizations and with business.

I think that the few efforts we have directed toward the field over the last few years have been from the perspective of Washington bureaus, not from the perspective of the people they are supposed to serve.

Mr. HORN. I might add, for Mr. Ose's benefit, that Mr. Stoker has a different view in terms of regional offices being closer to State capitals. So you might expand on that.

Mr. STOKER. Well, I tried to make a case, Congressman Ose, that if you had to do it all over today, regional offices, at least in Region nine, should be in your hometown of Sacramento for all practical purposes.

Now, I am looking at it more from an intrastate perspective. But clearly if you are looking at it from within California, from my background both as a land use attorney, and then more to the point, as a member of a county board of supervisors, and also serving as chairman, on the State side, of the Agricultural Labor Relations Board. I cannot tell you, back to the county situation, how many times I got on the plane to go to Sacramento to deal with Fish and Game, and then came over here to deal with the Army Corps, or how many times I was at Cal EPA in Sacramento, and at fed EPA over here in Region nine.

I think, in one of my earlier comments, the greatest expansion of federalism in the last 20 years has been in the regulatory compliance issue. If you look at when these regions were set up and the framework for setting it up, I mean, we did not even have clean water acts and clean air acts, and we did not have Super Fund, we did not have CERCLA, the wetlands act. The Army Corps of Engineers' function was completely different 20 years ago than what their function is today, in terms of the biologists and the environmental compliance, fish and wildlife. And where I see a real breakdown in terms of the intergovernmental relations is starting at that local level. It is not just always the private property owner. I could give you probably five or six situations in which the county of Santa Barbara—I could spend all day telling you about how long it took us to try to clear some wetlands on the Santa Ynez so that the city of Lompoc would be protected from floods, and what we had to do with Fish and Game again in Sacramento, and the Army Corps of Engineers, in regards to a 404 permit. And it was constantly—there was very little interaction together.

Now, technology should definitely be used and can be used where it is more of an information aspect. But when you are dealing with compliance issues and adversarial situations, of which there is turf out there, Fish and Game folks are—you know, I mean, you name it on the State side, you go to them in Sacramento, and then you come to the folks over here in San Francisco or Oakland and that is where, from my intrastate perspective, I guess, where I would

start this, if we did not have a region, if Mr. Ink today was starting over in terms of saying how would you set up a regional office, I am not so sure San Francisco and the Bay Area would become the region. Certainly for serving California needs it would not be, and I am not so sure that any other State that is a part of that region would be negatively impacted by say the region being in the Sacramento area. Back to national parks, where you are dealing with many of those issues as well.

I think whatever happens, at a minimum, wherever the region is going to stay, there needs to be a definite direction from the Federal side to be more field-oriented, to go to where the problem is, especially if you are dealing in the regulatory compliance area. I do not see that going away. I have done all of my—I have done my bit to try to swing that pendulum, and hopefully with this new administration and the issue of property rights, the pendulum will swing. But that is an area where there is so much interaction between these levels of government that never took place 25 and 30 years ago.

Mr. OSE. Chairman Horn, you remember we were at Moffett Field about a year ago.

Mr. HORN. Right.

Mr. OSE. And we brought in the folks from the city of San Jose, I believe. And we asked—what they were dealing with is this overwhelming crush of building permit applications, primarily driven by the high-tech industry. What we asked them was, how do you deal with expediting these permits. Because you just do not have a month of Sundays to process these things. And what they did was—recollection serves, and Mr. George can correct me if I am wrong or right, whichever—is that they ended up taking people from different agencies and putting them in a single location where applicants could go and get everything signed off.

Mr. HORN. One-stop business.

Mr. OSE. One stop. And then, I have found since then, Mr. Chairman, that L.A. County does that now, some of the smaller cities in Sacramento County have moved in that direction. I wonder whether or not it is possible to take, if you will, that bottom-up idea from local government into some of these Federal agencies and get them integrated in this way.

Mr. STOKER. Congressman Ose, in Santa Barbara County in 1991—and I think we were one of the first counties to do the one-stop shop where we put—there was a representative from the fire department—in terms of fire signing off; the public works department for roads, grading issues; the environmental compliance. You had all those at that one counter, which made a world of difference. I mean, if you take that as a model for at local government where you had the different bureaucracies competing at that local level that cost money, created delays, and you tried to take that, the only difference is, is now you are going to have to interrelate between three levels of government and get them to coordinate. But that ultimately is the goal.

If you accomplish that goal, you are going to save time, you are going to save cost, and in a lot of cases you are going to solve problems that are never solved because they are just out in an adver-

serial way with competing jurisdictions that often have concurrent jurisdiction.

Mr. INK. We have done that, but what we did in the past is gone today. What capacity we had was never the capacity we needed, and has now totally disappeared.

Mr. BURTON. Can I ask one?

Mr. HORN. Sure.

Mr. BURTON. Thank you, Mr. Chairman. At the State level, are they trying to coordinate or consolidate agencies so you have that one-stop shopping in certain locales? And if they do or if they have or have not, is there a blueprint that is being worked on by some agency or group of agencies to try to create this one-stop operation so people like yourself do not have to fly all over the place to get things done? And if that is the case—this is a three-part question—if that is the case, if there is some plan or if it is already in effect to do that, should certain Federal agencies be relocated where these consolidated agencies are so that you can have not only one-stop shopping, so to speak for the State, but the Federal as well?

In Indiana, where I am from, we have some problems like that because of the Corps of Engineers is down in Louisville and people have to go back and forth, and you run into some real problems because of the time. I can imagine California is much worse. So it seems to me if you have some kind of consolidated program here and, you know, have it all worked out in one area for one-stop shopping and you have got the Federal agency over here, you still have that problem. So you understand where I am going. Are there Federal agencies that should be relocated, and have you already consolidated in one spot certain agencies where they can get this stuff done in one stop?

Mr. STOKER. Chairman Burton, essentially at the State level the answer is no. You did have some consolidation.

Mr. BURTON. Is there a coordination program in process? Are they looking at trying to coordinate to put it in one spot?

Mr. STOKER. The only thing that did happen in the Wilson administration is, through Cal EPA they brought several departments, for instance, Department of Pesticides and Regulations used to be in the Ag. Department. And because that had an environmental overture to it, they moved that department back into Cal EPA, and they moved other environmental departments that were similar like that back into Cal EPA, so that there would be one chain of command. That is about the extent at the California level in terms of that coordination and collaboration. If you take line item, you are going to—if it is a pesticide issue, you have a department that is going to be basically dealing—that deals with pesticides; if it is—you know, your fish and game have their area of responsibilities. And there is no one collaborating between those State functions.

But to be real candid with you, Chairman Burton, what I saw at least as the major problem was not the inter-coordination between the State side within, because there is always going to be someone that has the primary jurisdiction, and the rest of the State is going to take the lead on that. And so as you deal with whoever has the primary jurisdiction and you are working out that problem, you can work it out.

The problem was when you have—especially in these areas where there are regulatory issues involved and there is concurrent jurisdiction, is you would have Fish and Game, and often in many cases, saying yes, you should be able to clear that wetlands for whatever reason and Army Corps of Engineers saying no, we are not going to give you a 404 permit, or vice-versa. I have had it both—you know, just the opposite where the Army Corps is saying yes, and Fish and Game is saying no. And when you deal with water issues, air quality issues, where you again get into this concurrent jurisdiction, and that is where, back to your final question, I really, truly believe—now, I am putting on a bias of intrastate here, just from the perspective of the State of California, if you are looking at it from a microcosm of the State of California, I cannot think of a situation where you are dealing with a Federal agency that is dealing with either regulatory issues or providing federally mandated social services, why that office would not be in the capital, in Sacramento, where the headquarters for the State is located.

Mr. BURTON. So what you are saying is that—

Mr. STOKER. And the rents are much—I can tell you this, are substantially reduced, as Congressman Ose can attest to.

Mr. BURTON. So you are saying that the major agencies should be located in the State capital, and not in regional offices around the State?

Mr. STOKER. Well, their regional office should be potentially wherever they choose the State to—wherever for that region, like in our case, where the region was chosen as the Bay Area. I do not know, once they chose California as going to house one of those regional offices, why you would not say, first and foremost, the presumption should be the region in that State, then, should be the State capital.

Mr. BURTON. I see.

Mr. STOKER. Because at least for interfacing with that State, that is where all the center of action is going to be. And then when you have a problem, I mean, assuming government is never going to get responsive enough to be user friendly to come to the field. If it comes to the field, if it comes down to where the problem is, say in Santa Barbara County, that would be wonderful.

But if that is not going to happen, at least when I have to go somewhere to deal with a problem, I can put both stakeholders in the same room at the same location. And then, often if these two sides are hearing each other, they can see what the problems are, and that helps facilitate the resolution. And that is where the real breakdown is right now, in my opinion.

Mr. HORN. I might add that I had mentioned, before you came in, about the case where three different colonels in Chicago had the district engineer role where they make substantial judgments, and they can overrule some of the environmental ones. They often do not do it. But that went through the case in Chicago through three different administrations and nothing changed. And that is just, as I mentioned before you came in, that the idea of going 6 years, and meanwhile what the money cost is going through in terms of either development or trying to save the wetlands or whatever it is. And if you have got another problem that, in the case of California, if

you put it against the map on the East Coast, it stretches from Boston to Savannah, GA. And then when you look at, well, what cities are major cities in a State, and in the case of Los Angeles County is 10 million people; San Francisco County is about a half a million, and a little more. And we need to get the services where the people are.

Now, granted, you can have—we were talking about teleconferences and all that. But it seems to me you need to look at—well, let us take EPA. EPA, under the State, was more progressive than the Federal Government EPA. And I happen to sit in—and I still do—the Environmental Subcommittee of Transportation. And I asked them under oath, about 6, 7 years ago, that why can you people not get together with the Federal Government, and they said well, we are glad to, and they have signed off on this. And this is where business people in this area, they developed the whole code to be on electronic activity and not just paper filling up something like this room. And they promised to do it, and Mrs. Brown, I have put it to her, and nothing ever happened, you know. They just sat in Washington.

Mr. BURTON. Well, I am just thinking out loud. If we knew where the weaknesses were and the breakdown was, not only here in California but across the country, with the new administration it seems that collectively you, as subcommittee chairman, could put in writing where the problems are and make suggestions, and we could go to the new cabinet officer for that agency and say this is something we think should be done, and perhaps we could get some changes made.

Mr. HORN. I agree. And in our report to you in the full committee, I think we are going to lay out some of those differences.

Mr. BURTON. Well, when we get that, I think that should be forwarded, along with a letter from all of us, directly to the new cabinet head for that agency.

Mr. HORN. Yeah. Any other questions, gentlemen?

Mr. BURTON. Not from me.

Mr. HORN. If not, we are in recess, and we will have two or three more hearings in this State, and we will then get some more good ideas. And I want to thank each one of you. You have really done a terrific job, and we thank you. And if you get some thoughts coming home in the car or whatever, just send us a note on it and it will be part of the hearing record so we could—and a lot of you have suggested some pieces of this or that, that really give us a further very fine record in how we deal with people out in the masses, wherever.

Mr. OSE. Mr. Chairman—

Mr. HORN. Yeah.

Mr. OSE [continuing]. You are going to leave the record open for—

Mr. HORN. The record is open for 7 days.

Mr. BURTON. Can I say one more thing?

Mr. HORN. Yeah.

Mr. BURTON. Thank you, Mr. Chairman. Let me just say I want to thank you very much for being so patient and waiting on us. I know that sometimes you have to sit through these long hearings,

and it gets awfully—it drones on and on. But I really appreciate it.

I was not aware of some of the things that just came up in the brief time that we have been here. But I can assure you that, working with Chairman Horn and Chairman Ose, that we will make the heads of the departments aware of this, and the new administration, and perhaps we can get some of these things done. We will sure try.

Mr. HORN. We stand in recess. Thank you very much.

[Whereupon, at 4:03 p.m., the subcommittee was recessed.]

