

THE G·A·O

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JOURNAL



THE DEFENSE ACQUISITION SYSTEM

Three routes to reform

AMERICA'S OVERCROWDED PRISONS

Is there a way out?

BUILDING CITIZENS

*The case for national
service*

NUMBER 7 FALL 1989

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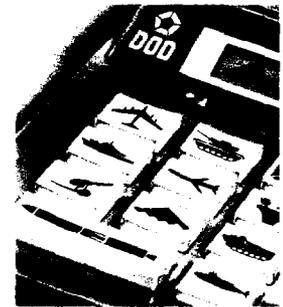
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THE
DEFENSE ACQUISITION
SYSTEM

Paul Math

ACQUISITION REFORM: THREE GUIDING PRINCIPLES *Improving the system will take first-rate people, attention to affordability, and better management and financial controls.*

Defense acquisition involves so many factors that the system resists comprehension, let alone reform. That we keep trying to improve it testifies to the fact that we can't afford not to.

STUDY THE DEFENSE acquisition system for any length of time and the main reason it is so hard to reform becomes obvious: The scale and complexity of the system are simply mind-boggling and overwhelm most efforts to improve it. The sheer weight of its mission; the dollars involved; the countless laws and regulations that govern it; the multitude of people dependent upon it for employment both within and outside the government; the relationships among competing and cooperating interests at every level; the entrenched cultures both within and outside the Pentagon; the effects of new developments in technology, diplomacy, domestic politics, military science—so many factors come into play that the system resists comprehension, let alone reform. That we keep trying to improve it testifies to the fact that we can't afford not to.

GAO has been looking into individual weapon programs for more than 20 years. In addition, since 1970, five major studies of the overall defense

acquisition system have been carried out under other auspices.¹ Looking back over all this work, one is struck by the fact that the same problems—cost overruns, schedule slippages, performance shortfalls—crop up again and again. Lately, of course, widespread fraud, waste, and abuse have joined the list. What is no less striking, however, is that a corresponding set of proposals for reform always seems to follow, but somehow, never seems to bring about real change. The same problems are cited, the same solutions are proposed, the same frustrations recur. By now, the deficiencies in the defense acquisition system appear to be pretty well dug in.

Digging them out will take an extraordinary commitment on the part of the new Secretary of Defense—extraordinary in that other top Pentagon officials who have launched reform programs have seen the defense establishment digest them with little or no long-term effect. Secretary Richard B. Cheney's predecessors at the Department of Defense (DOD) all found it difficult to maintain the momentum behind their plans for reform, and it will take real determination this time around if the Secretary is to implement improvements and make them stick.

PAUL MATH is Director of the Research, Development, Acquisition, and Procurement Issue Area in GAO's National Security and International Affairs Division.

FROM THE COMPTROLLER GENERAL

By now, it is clear that bringing down the federal budget deficit will require action on many different fronts. One important area for potential spending cuts is defense. According to Pentagon estimates, the United States could save billions of dollars a year simply by improving the management of the defense acquisition process. Because we feel that this represents an important opportunity, we have made defense acquisition the subject of the "Focus" section of this issue.

As GAO's Paul Math states in his article, the defense acquisition system is so complex that it resists comprehension, let alone reform; nevertheless, we keep making efforts to improve it—efforts that provide ample testimony to the urgency of the task. Mr. Math sets forth three basic principles that should guide these reform efforts: Put top-notch people in key positions; make affordability a major consideration in laying out the defense budget; and enforce compliance with financial and management controls that are stringent enough to inhibit fraud, waste, and abuse.

We had the opportunity to discuss some of these issues with James R. Ambrose, former Under Secretary of the Army. Mr. Ambrose points out that some of our problems in defense acquisition stem from an underlying defense strategy aimed at accomplishing so much that "to fund it adequately would be unimaginably expensive.... So, instead of making choices, we spread the money around inefficiently, even wastefully."

Efficiency is a central theme in the article by J. Ronald Fox that completes this package. Mr. Fox calls on defense acquisition managers to strike a balance, in their dealings with defense contractors, between an adversarial approach and a collaborative approach. What is needed, he says, is the "wise buyer"—the government manager who can establish a "business relationship characterized by rigorous, informed bargaining and tenacious regard for the best interests of one's own side."

We at GAO share this concern with government management. It is no accident that our Seventh

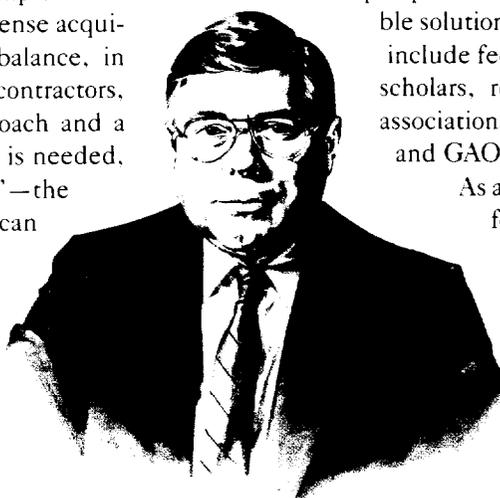
Annual Management Conference, which takes place this November, is focused on excellence in managing human resources. Performance management in the public sector takes place in a unique set of circumstances. Assistant Comptroller General for Operations Ira Goldstein, who has considerable management experience in both the public and the private sectors, describes some of the ways government managers can elicit top performance from their staff. The article printed here expands on remarks prepared by Mr. Goldstein for presentation at our Management Conference.

Public service—an idea whose time may have come—is discussed in this issue by Joseph Duffey, Chancellor of the University of Massachusetts, Amherst. As this country faces widespread unmet human needs and mounting challenges to its economic strength, the possibility of establishing some kind of national service program has sparked increasing interest. Mr. Duffey reviews the various proposals on the table and lays out his own guidelines for setting up a program of citizen service as well as for encouraging citizen volunteerism.

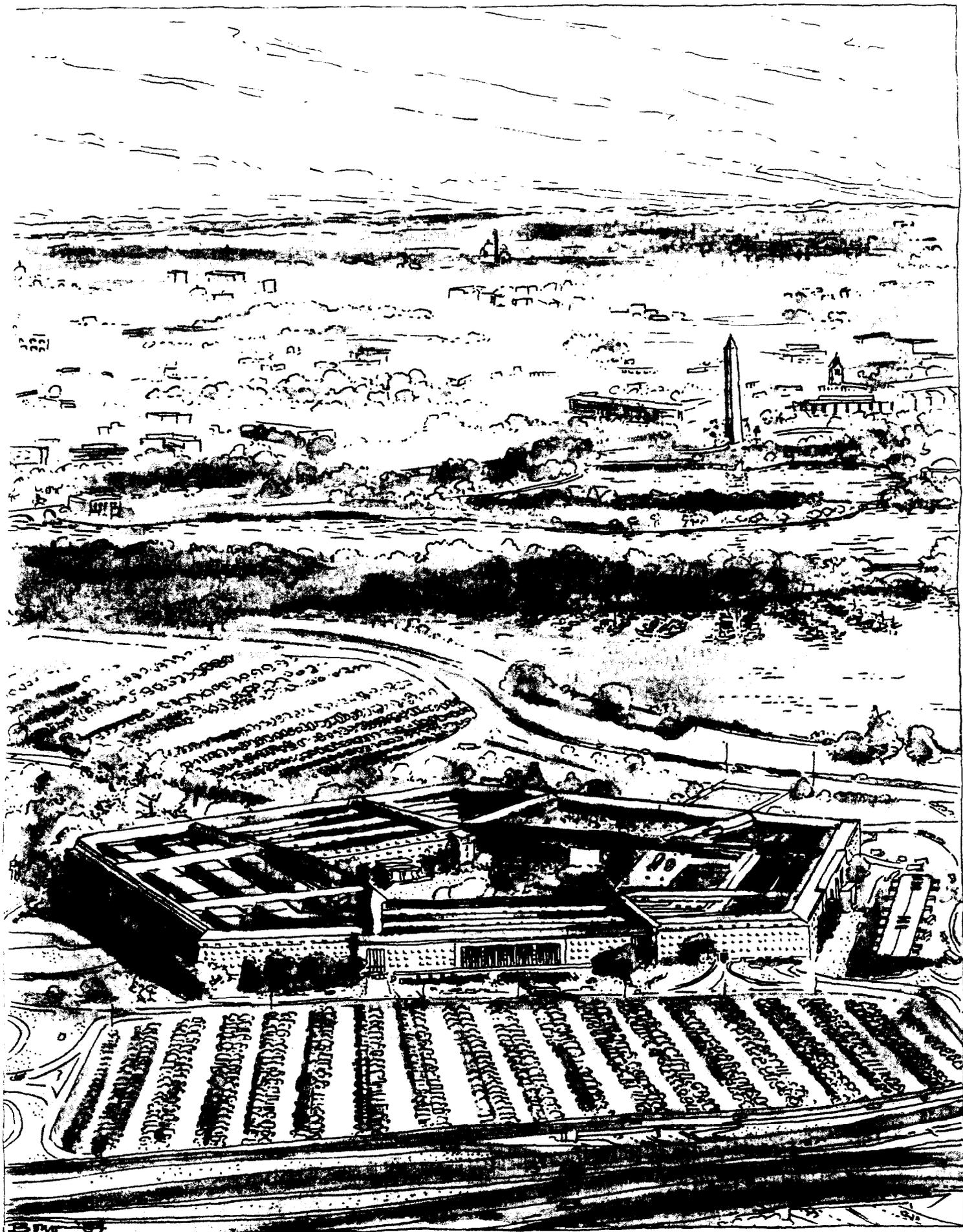
Rounding out our issue is a package of brief articles on the subject of overcrowding in federal and state prisons. As of last July, federal prisons were operating at 59 percent over official capacity, state prisons at 23 percent over capacity. Solving the problem by simply constructing new prisons would cost many billions of dollars—a high cost that has spurred consideration of other, less expensive alternatives. Our feature on "America's Overcrowded Prisons" presents a variety of perspectives on this problem and on possible solutions. The writers for this package include federal and state justice officials, scholars, representatives of professional associations and nonprofit organizations, and GAO staff.

As always, we are pleased to offer a forum for writers with a range of views and from a variety of professional backgrounds.

We appreciate their participation in the *GAO Journal*, and hope that you will find their contributions both informative and thought-provoking.



Charles A. Bowsher



The heart of the matter

Doing so, of course, is one of his most pressing assignments, one that may be easier to accomplish if he can cut through the enormity of the task to a few guiding principles. Regardless of how sprawling and complicated the defense acquisition system may be, these principles are simple, basic, and overriding in importance:

- Put first-rate people in key positions and get them to work as a team.
- Factor affordability into the defense budget.
- Establish and ensure compliance with financial and management controls to inhibit fraud, waste, and abuse.

People

The first job is to assemble a team at DOD that will work *proactively*—that is, get out in front of events on a nonparochial basis—instead of reactively. Melvin Laird, whose leadership as Secretary of Defense is often cited as a model for his successors, chose his own managers both in the Office of the Secretary of Defense and at the Secretary level in the services. Moreover, these managers formed a *team*, proactively identifying and solving problems rather than waiting for them to surface in the media.

That the Secretary's team be "nonparochial" is crucial because, by their nature, the strong cultures so deeply embedded in the defense establishment compete with each other and resist imposed changes. The services have generally been able to delay action on acquisition reforms until the political appointees who support the reforms have left office. The only effective response is strong and sustained secretarial leadership, backed by managers who share a commitment to improving defense management and breaking down old barriers.

An effective managerial backup team requires, in turn, a strong professional procurement work force. (See the accompanying article by J. Ronald Fox.) Any system works only as well as the people

involved. The defense acquisition process requires skills and knowledge that can be acquired only over time, yet the average tenure of program managers and deputy program managers is notoriously short, and these key procurement positions are often filled with people who are unprepared for their assignments.

Some progress has been made in this area. In response to congressional directives, for instance, the services have made the requirements for program managers more rigorous. But there is much more that needs to be done to raise the professionalism of the procurement work force, to impart greater status to their positions, and to compensate them accordingly.

Affordability

But no matter what specific reforms are eventually settled upon or what strides are made in improving the procurement work force, some means must be found to determine defense requirements on a more efficient and cost-conscious basis. Funding constraints on defense are now a fact of life, but in planning and developing weapon systems, the Pentagon has not yet made the adjustment.

In general terms, the acquisition process is set in motion when a service identifies a need and determines that no existing weapon system will address it. Each branch, however, can be expected to identify many such needs. And rather than make all the necessary trade-offs and delay the start of some systems so that others will be adequately funded, the Pentagon tends to spread the limited funding over the total acquisition system. This means that too many weapon systems get the go-ahead and end up chasing too few dollars. By failing to choose among systems at the beginning, DOD overloads its resources and practically guarantees a parade of problems later on.

In a sense, program sponsors cannot really be blamed. Since World War II, DOD has gone through a series of boom-and-bust cycles—periods of rapid buildup alternating with periods of austerity. This pattern does not encourage prudence on the part of managers; it leads them, instead, to

The defense acquisition process requires skills and knowledge that can be acquired only over time. But the average tenure of program managers is notoriously short, the people often unprepared for their assignments.

procure as much as they can, whenever they can—to make their proposals as attractive as possible by developing cost projections, schedules, and performance estimates under the most optimistic assumptions. But the weapons they propose are often high technology systems whose development necessarily entails high risk; when the actual work gets under way and problems arise for which no funding or scheduling provisions have been made, these same program sponsors face very real and painful choices. They can cut back the program or stretch out the timetable to remain under budget, or they can go after additional funding. Most tend to cut back the work, hoping to make it up later. This often means that their programs proceed with some of the work—or worse, some of the testing—not being done at all. And this leads, almost inevitably, to operational difficulties requiring expensive and time-consuming redesign at some future date.

The Pentagon experienced its latest buildup in the early to mid-1980s. Now that austerity has set in again, it is stuck with the residual effects. These include the huge sums of money—the “bow wave”—now necessary to field and support the weapons developed during the growth years, the high cost of worldwide defense commitments and the need for greater burden-sharing by our allies, and the ongoing expense of maintaining the readiness and sustainability of our expanded armed forces.

These issues will be difficult enough to deal with. But if DOD really hopes to solve the problem at a more basic level—that is, to avoid this sort of instability in the future—it must learn to base its weapon acquisition programming not just on need, but on affordability as well. To date, an effective method of matching defense needs with budgetary constraints has not yet been developed.

In short, the Pentagon needs to learn to buy smart. It can no longer afford to have its acquisition planning dominated by the individual services—a situation in which, for example, two services independently plan, develop, and produce weapons to kill the same 40,000 enemy tanks. In addition, it must bring greater realism to its projections of the cost, scheduling, and performance

of new systems, and must effectively tie costs to the budgeting system. It must ensure that sound and independent testing is performed to avoid costly redesign, modifications, and even cancellation of systems after they have been developed. And it must develop a better information flow so that decisionmakers get the full and accurate story on weapon systems in order to determine—early in the process—whether cost targets, milestones, and production and performance goals are being met. Sometimes, programs need to be canceled entirely, as DIVAD and Aquila were canceled. It would be better—and far less expensive—to cancel them early rather than late.

Financial and management controls

If DOD and the defense industry hope to avoid in the future the sort of procurement horror stories that have cost them the public's confidence in the recent past, they must improve long-standing, systemic shortcomings in the area of financial and management controls. Controls, accountability, ethical standards: All must be emphasized both by the Pentagon and by the defense industry if deficiencies are to be identified and corrected before they erupt into trouble.

The way to identify and correct deficiencies is, again, *proactively*—through compliance reviews. Most people with a knowledge of the acquisition system agree that the necessary laws and regulations are already in place; what is needed is the assurance that government and industry are *complying* with them, and that sufficient controls are in operation to *guarantee* that they continue to.

The Federal Managers' Financial Integrity Act is a case in point. The act requires each agency head to submit an annual report to the President and the Congress describing internal control weaknesses that have been identified and providing a plan to correct them. To a certain degree, the act has done its job: The Pentagon has identified some control problems and taken steps to solve them. But the Pentagon has been reactive rather than proactive—hesitant, that is, to implement the act as it was intended. Too often, DOD reports its weaknesses only after others, such as the Inspector

The Pentagon must bring greater realism to its projections of the cost, scheduling, and performance of new systems, and effectively tie costs to the budgeting system.

General and GAO, have identified them.

Management—whether at the Pentagon or among its contractors—has to supply its own oversight. Without this attention to internal controls and compliance, more abuses will occur. And when outside auditors and overseers come in to examine the situation, their adverse findings will lead to more calls for more rules, more audits, and even more oversight.

At present, 46 defense contractors have signed on to a self-governance program proposed by the Packard Commission. That number is a disappointment. The Comptroller General recently testified that the Congress should seriously consider legislation to require of each contractor an annual management report on corporate internal controls and an independent appraisal of that report by a certified public accountant. The report and appraisal either would be made public along with each firm's financial statement or, at a minimum, supplied routinely to any government agency entering into contracts with the firm. Over the long run, the effect of putting controls in place, complying with them, and having that compliance affirmed by an outside certified public accountant, would be to reduce the necessity on the part of the Congress or the Pentagon to micro-manage or impose additional audit and oversight.

The Secretary's plan for improving the defense acquisition process reflects a genuine concern with the long-standing problems that GAO and other Pentagon observers have pointed out on so many occasions.

The newest initiative

It was encouraging this past summer to see these three basic needs—first-rate people, affordability, and financial and management controls—woven throughout Secretary Cheney's Defense Management Review. His plan for improving the defense acquisition process and for more effectively manag-

ing DOD and its resources did not contain many specifics (although more were due from the services by October 1), but it did reflect a genuine concern with the long-standing problems that GAO and other Pentagon observers have pointed out so many times. Testifying on the plan before the Congress, Deputy Secretary Donald J. Atwood said this:

Much needs to be done. We need to establish better links between national policy and strategy on the one hand and defense force structure, resources, and programs on the other. There are too many major programs above cost, beyond schedule, or technically deficient. DOD and the defense industry are too large, too complex, and too inefficient, and they are not readily motivated to reduce cost or improve quality. There is an ever-growing body of law and regulation that when combined with spiraling investigations and audits impedes even modestly efficient operation. There is an unprecedented confrontational atmosphere among Congress, DOD, and industry which has led to gross mistrust and a significant erosion in the number of reputable companies willing to enter the defense marketplace.

The Deputy Secretary was right when he said that much needs to be done. Others at DOD have recognized that fact, made a run at improving the situation, and fallen short of their goals. It's heartening—but even more, it's important to the national interest—that people are still trying. •

1. The five studies were the Blue Ribbon Defense Panel Report in 1970, the Report of the Commission on Government Procurement in 1972, the Department of Defense's Assessment of Its Weapons Acquisition System (the Carlucci Initiatives) in 1981, the President's Private Sector Survey on Cost Control (the Grace Commission report) in 1983, and the President's Blue Ribbon Commission on Defense Management (the Packard Commission) in 1986. For a discussion of long-standing acquisition problems at the Pentagon, see the GAO report, *Major Acquisitions: Summary of Recurring Problems and Systemic Issues: 1960-1987* (GAO/NSIAD-88-135BR, Sept. 13, 1988).

J. Ronald Fox

TRAINING THE WISE BUYER

If the Pentagon is to improve the acquisition process, it must improve its acquisition work force.

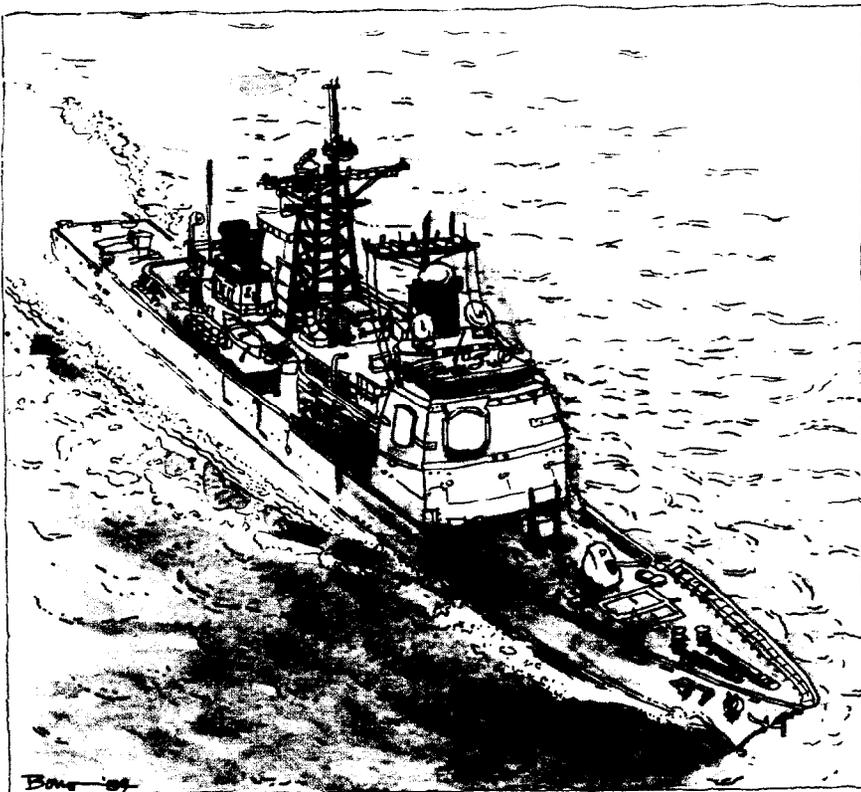
THERE HAVE BEEN so many criticisms of defense acquisition over the past several years that it is important to point out that there is much that is right. Today, the United States develops and produces the most advanced

the Secretary of Defense. All too often, these people are not given credit for the difficult jobs they perform.

Nonetheless, as GAO's Paul Math points out in the preceding article, there are serious problems inherent in the Pentagon's acquisition management system. Today, however, we have a rare opportunity to significantly improve it: Just as the Congress and the new administration are searching for ways to deal with a large federal deficit, senior DOD officials have estimated that \$30 billion to \$40 billion a year could be saved through management improvements. Simultaneously, the President and his Secretary of Defense have made a commitment to major reforms in defense acquisition. There has never been a greater need, and DOD has never had a better opportunity, to make far-reaching acquisition improvements.

To begin to deal with acquisition problems, the Secretary of Defense must confront four major obstacles to long-term reform:

- Too few government managers, at all levels of the acquisition process, have the necessary understanding, skills, and experience in industrial management and cost control to manage the acquisition process effectively.
- Government managers often enter the acquisition field too late and leave too early in their careers for DOD to develop an institutional memory; necessary career-enhancing assignments in acquisition are rare.



and sought-after weapon systems and equipment in the world. The Department of Defense (DOD) does this by drawing on the engineering and manufacturing capabilities of the defense industry and the efforts of some outstanding people in the Army, the Navy, the Air Force, and the Office of

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- Incentives offered to defense contractors tend to reinforce present methods of operating; they often penalize those who reduce costs and reward those who increase costs.
- There are too few acquisition manager role models who have managed programs effectively and efficiently. (By role models, I mean individuals who have been singled out, rewarded, promoted, and retained in the acquisition field.)

I will spend the first part of my discussion on the roles, the skills, and the experience required of acquisition managers. Then I will move on to the appropriate incentives for government and industry managers.

New era, old outlook

In his first annual message to Congress, President Andrew Jackson wrote, “The duties of all public officers are, or at least admit of being made, so plain and simple that men of intelligence may readily qualify themselves for their performance.”¹

Although the “plain and simple” approach may have been effective in the 1830s, it is far from satisfactory for today’s defense acquisition man-

Too few government managers have the necessary understanding, skills, and experience in industrial management and cost control to manage the acquisition process effectively.

agers. The complexities of managing the development and the production of multi-billion-dollar weapon systems require highly developed skills in planning and evaluating the technical and financial progress of programs, understanding complex contract terms, and overseeing and controlling large industrial firms performing the work.

The military services are designed for combat. To maintain youthful forces for combat, the current military promotion and retirement system is designed to force out most officers in their forties. Over the past three decades, however, U.S. military operations have shifted increasingly toward high-technology weapons and equipment. As a result of this change, the services have been given an added mission of great complexity—one requiring training, career development, duration of

assignments, and length of career radically different from that required for combat. This mission—managing the defense acquisition process—requires skills in planning, overseeing, and controlling the largest, most complex industrial programs in the world: the development and the production of weapon systems (i.e., aircraft, ships, satellites, missiles, and electronic systems), each requiring the expenditure of hundreds of millions of dollars each year.

Acquisition management: a difficult assignment

The duties of DOD managers of large acquisition programs are not the ones classically associated with the term “manager.” This is because the Pentagon neither develops nor produces its weapon systems in-house. The actual development and production work is contracted for, through prime contractors. Therefore, the principal functions of the program manager and staff consist of planning, contracting, monitoring, controlling, and evaluating the technical performance of contractors, as well as the government agencies that provide service and support. The range of activities includes design, development, procurement, production, training, testing, and field support.

As used here, the term “technical performance” covers not only the engineering aspects of a weapon system but the contractor’s management of resources (that is, costs) and subcontractors. Managing technical performance, therefore, poses some of the most demanding industrial management challenges to be found anywhere. Government managers are required to oversee industries whose participants include some of the largest firms in the country—firms managed by experienced managers who are intimately familiar with the defense acquisition process, as well as the methods of estimating costs, measuring progress, allocating overhead, calculating profits, and measuring the return on investment for high-tech programs. Most of the problems that arise—cost increases, schedule delays, and performance shortfalls—cannot be solved simply through better engineering, better forms of contracting, multiyear procurement, or a demand for more prototypes. Instead, solving these problems requires

negotiations between buyer and provider—monthly, weekly, and sometimes daily—in situations requiring government managers to be knowledgeable about the industries with which they are working, experienced in the acquisition process, and highly skilled in applying the tools of industrial management. In the Army, the Navy, and the Air Force, such managers are scarce.

The business-government relationship

Over the course of a large acquisition program, the relationship between a government program office and its major contractor is necessarily close. On most large engineering development programs, fixed-price contracting is inappropriate; over the past 25 years, DOD has found that fixed-price contracts cannot substitute for—indeed they inhibit—the week-to-week evaluations of progress, correlations of cost and progress, and negotiations of the thousands of changes proposed by both government and contractor personnel during a program's development phase.

Although some commercial business management techniques are appropriate in this environment, many are not. Most commercial industrial firms manage by removing uncertainties in the work to be performed. In the defense acquisition environment, however, it is impossible to remove many uncertainties; in large development programs, they are *inherent* in the nature of the work.

Adversarial relationships

If the relationship between government and contractor is close, it is also complex. Some government managers deal with contractors as adversaries, failing to achieve the informal cooperation so necessary between buyer and seller in any large development program. In an adversarial relationship, government managers have tried to use fixed-price contracts (often dictated by senior Pentagon officials) for engineering development work where cost-reimbursement contracts would be far more appropriate. Others treat cost-reimbursement contracts as fixed-price contracts, trying to enforce rigid task statements when the work requires flexibility.

Partnership relationships

Other government managers operate as little more than partners with industry. They accept industry estimates without question, apparently unaware of the mixed motives inherent in the buyer-seller relationship. They share industry's goal of producing technically excellent programs, but they lose sight of the need for arm's-length, buyer-seller negotiation on programs in which changes often are made weekly, and sometimes even daily. These government managers often feel—mistakenly—that “We know how much the program should cost because that's how much the contractor spent.” They are proud, as they should be, of their products. But unlike their peers in commercial business, they usually incur no penalty when programs exceed their original budgets.

Managing the defense acquisition process effectively *and* efficiently requires that a balance be struck between the adversarial and the pure partnership approaches—a balance that produces what I call the “wise buyer.” Achieving this balance requires skill in coping with the complexities of the process; with frequent negotiations; and with the marketing tactics that apply within government, within industry, and between the two. What is called for is not an adversarial relationship filled with animosity, suspicion, and mistrust, but (paraphrasing an American Bar Association report) a business relationship characterized by rigorous, informed bargaining and tenacious regard for the best interests of one's own side.²

How perceptions differ on defense acquisition

People involved in defense acquisition in both government and industry have very different perceptions of the current condition of the acquisition process. Some describe it as poorly managed and plagued by serious problems; others see it as basically healthy. These differing perceptions do not reflect the conventional dichotomies of military versus civilian or government versus industry. Instead, they reflect differing views of the government's basic role in managing the acquisition process.

The liaison manager

Some people in both government and industry limit the job of government program management to promoting a program, preparing progress reports and briefings, negotiating with officials at the Pentagon and various military commands, and resolving technical conflicts between these organizations and contractors. They believe the responsibility for cost control belongs solely to the contractor. I call this the *liaison manager* view; it is based on the belief that the defense industry is part of the free enterprise system and is therefore regulated by competition in the marketplace.

Many Pentagon officials have assumed that the acquisition process can be managed effectively by people who have little practical training or experience in industrial management. This assumption has proved false.

The active manager

Others describe the program manager's role more correctly as one of planning and making key decisions associated with rigorous oversight of, negotiation with, and control of the industrial firms doing development and production work. They believe the responsibility for cost control belongs to the program manager and the plant representative, as well as the contractor. They also believe that significant cost reductions are often possible, depending on the ability of government managers to establish challenging cost incentives for contractors. I call this the *active manager* view; it is based on the belief that the competitive forces of the marketplace will not, by themselves, produce the desired cost, schedule, and technical performance accomplishments. In this uncertain environment, the usual marketplace forces generally are frustrated by the contract changes that can be expected to occur throughout the life of a program.

People holding the *liaison manager* view often talk about cost control in managing programs but fail to understand that the planning and the control of large industrial programs are achieved neither by proclamation nor by good intentions. They happen only as the result of the careful analyses and trade-offs associated with program and engineering changes. The skills needed for these tasks require

intensive practical training and experience.

Those with the *liaison manager* view believe government program managers do not need years of training and experience in industrial management. If the program manager is limited to promoting the program, preparing progress reports, and acting as technical liaison, then experience as a pilot, a tank commander, a ship captain, or an engineer, and possibly 14 to 20 weeks at the Defense Systems Management College, may be sufficient. But to those who hold the *active manager* view, as I do, military experience and 20 weeks of training are insufficient background for the job.

Acquisition careers

Hardly anyone doubts that most government acquisition managers and their staffs are intelligent, hard-working, and dedicated. They genuinely want weapon systems to meet performance standards and cost reasonable sums. Unfortunately, though, at most levels of DOD—from program managers to presidential appointees in the Pentagon—those assigned to key acquisition positions in recent years have often been seriously unprepared for their jobs. The skills required to manage the acquisition process effectively are often outside the training and the expertise of these otherwise capable and dedicated Under Secretaries, Assistant Secretaries, senior military officers, and program managers.

During the past 25 years, many Pentagon officials have assumed that the acquisition process can be managed effectively at any level by generalists, technology specialists, and military officers whose primary training and experience are in combat operations and who have little practical training or experience in industrial management and only one or two acquisition assignments behind them. This assumption has been proved false. Obviously, a program manager cannot be assigned as a wing commander without years of carefully programmed flight training and experience. By the same token, a pilot cannot effectively manage a complex industrial program without extensive experience and carefully programmed assignments in acquisition, in business management, and in industrial cost control.

In a 1986 study of defense acquisition, GAO found that many government program managers were simply not equipped to tackle the intricate problems of weapons procurement.³

This finding was supported by extensive congressional testimony about the limited qualifications of program managers. During September 1984 Senate Armed Services Committee hearings, Norman Augustine, Chairman and Chief Executive Officer of the Martin Marietta Corporation and former Under Secretary of the Army, was asked, "In your view, do the people we put in positions of managing these programs have the necessary training and qualifications to do these jobs?" He responded this way:

I would say that in many cases they truthfully don't. We do much better than we did 10 years ago, but it is not uncommon for someone who has been commanding a ship at sea or a division or squadron to suddenly be placed in a position where they have the job of overseeing the work of an industrial giant.

It is pretty tough to be equipped to do that when one comes out of a military operating force. It would be much the same as taking somebody like myself and putting them in charge of an air wing; it would be a terrible mistake.

I think we would need much more training for these people before we put them on the firing line.⁴

It is noteworthy that most military officers have extensive *academic* education and general service training. Besides a bachelor's degree, officers often acquire further education through one-year assignments at mid-career to the Command and Staff College or its equivalent. Many officers obtain master's degrees in one or two years or through evening programs. Then, at the grade of lieutenant colonel or commander, officers are sent to the War College for about one year.

But academic degrees rarely give them the industrial knowledge and skills they must have to cope with the aggressive business tactics of the acquisition process. Academic degrees are no substitute for more practical training and practice in evaluating contractor schedules, costs, and technical performance; in identifying and negotiating solutions to day-to-day problems; or in motivating the government and industry personnel who manage large, complex programs. Much of the acquisition training available to government managers is confined to introductory descriptions of types of contracts, regulations, reporting systems, and related

topics. Little time is spent practicing implementation, using management tools, or testing the reasonableness and validity of data.

Given little authority and insufficient background to manage their programs, program managers are often reduced to functioning as briefing specialists and marketing managers, spending much of their time seeking additional funds and continued support for their programs. This is unreasonable for military officers. It is not a prescription for high-quality management, no matter how dedicated the personnel.

A retired lieutenant general, formerly in charge of a buying command, reflected on his experience:

There is a widely held belief in the services that the weapons acquisition process is a "secondary specialty" that anyone can learn. In reality, we need to create a program management career and a professional program management organization, not half a career in acquisition and half a career in operational commands.

Several years ago, David Packard appeared before the Senate Armed Services Committee and stated:

I believe that each service should be restructured to have two clearly defined and separated career paths for the development of officers. One should be to train men and women as commanders of military forces. The other would be to train men and women as managers in procurement.

At the present time, officers often rotate back and forth from military assignments to procurement and almost without exception, project managers are not allowed to stay with that program long enough to actually see it to completion.⁵

Acquisition managers' careers should follow a path comparable to those of Army brigade and division commanders, Air Force wing commanders, and Navy wing and ship commanders. These paths are centrally managed to ensure that all supervisors are fully aware of their career requirements. Well-defined career paths include training and practical experience, with successive assignments in the same field leading to positions of progressively greater responsibility.

The Air Force has developed a promising acquisition manager career program for nonrated officers that is a good start at what needs to be done. The Navy follows a centralized approach through its Weapon Systems Acquisition Management (WSAM) and Material Professional (MP) programs, but for unrestricted line officers, these fall far short of their stated goal. The

Army Materiel Acquisition Management (MAM) program, begun in 1983, lacks central control and authority and provides too little training and practical experience too late in Army careers.

If the Army and the Navy continue their current practice of managing the acquisition process with combat arms officers who are 12 to 15 years into their careers before they enter the program and are then given a very broad array of assignments in supply, maintenance, procurement, contracting, and deployment, it is highly unlikely that these officers will master the specific tasks required for them to be well-qualified program managers.

Although the 20-week Defense Systems Management College program is an important first step in

Program managers are often reduced to functioning as briefing specialists and marketing managers, spending much of their time seeking additional funds and continued support for their programs.

training acquisition managers and their staffs, much more must be done to achieve an acceptable level of performance. The current policy limits this training to 138 days because of regulations concerning moving-expense reimbursement. When one compares moving expenses with the potential savings of billions of dollars annually from improved management in the acquisition process, moving expenses seem rather trivial.

Future acquisition managers should be required to complete a program of at least one full year of practical training in industrial management, designed to develop a familiarity with the acquisition process and the problems that can be expected to occur. The training should include hundreds of examples of the daily dilemmas acquisition managers encounter, and should explore the strengths and weaknesses of the alternatives for dealing with the dilemmas. Instructors should be skilled in conducting interactive sessions and have current practical knowledge of the field.

The program should be designed to build the "wise buyer" skills, stressing analysis and decision-making, and employing simulation exercises, role-playing, and case studies. An internship in a program management office should precede *and* follow the one-year practical training program; carefully chosen program managers could serve as supervisors. Favorable results from such a program need not be years away. If the Pentagon were to begin now, it could produce major improvements in two years.

Acquisition executives and senior officers at the Army, Navy, and Air Force acquisition commands should have many years of experience on large acquisition programs. Once selected for these positions, they should have sole responsibility for materiel acquisition and personnel recruitment, selection, and assignments. Separating these responsibilities would merely perpetuate the problems of the past three decades.

One might ask: If program managers and their superiors are assigned to acquisition career fields, who will bring the necessary operational knowledge and perspective to the program office? I see no reason combat arms officers cannot perform that function as they have in the past. One or more should be assigned to each major program office—but not as program managers responsible for overseeing, negotiating with, and controlling contractors. A program manager overseeing the development and the production of a new manned satellite system does not need several years' experience as an astronaut, but the manager should understand the astronaut's needs and have access to experienced astronauts familiar with operational requirements.

Incentives for industry and government

The Pentagon's acquisition programs customarily grant rewards and impose penalties that are the reverse of what they should be. Contractors are often rewarded for higher-than-planned program costs with contributions to overhead, increased sales, and profits. And government managers are often rewarded for placing a higher priority on gaining congressional approval to begin a new weapon program (or to obtain additional funding for one already under way) than on controlling the costs of existing programs.

The acquisition cost problems encountered in the 1970s and the 1980s have not been aberrations; they have been the result of many government and industry participants reacting in perfect accord with the rewards and penalties built into the acquisition process. More fixed-price contracts, better planning and reporting systems, improved cost estimating systems, change-control systems, and multiyear contracts have little likelihood of success unless government managers and contractors are rewarded for quality performance at lower cost.

Over the past three decades, the failure to establish more appropriate contractor incentives has crippled most DOD improvement programs. If the acquisition process is to run efficiently, it should be structured so that contractors have a reasonable opportunity to earn returns comparable to commercial returns, without undermining government program objectives. When contractors perform well, government managers should be able to reward that performance with improved opportunities for future defense business. On the other hand, when contractors fail to meet contract terms, government managers must be sufficiently trained, experienced, motivated, and supported to identify and report inadequate performance and to take corrective actions—including penalties and contract termination where appropriate. Pentagon officials at all levels must be prepared to support this kind of responsible management and to demonstrate that support to the Congress.

The value of incentives

Many in government and industry *want* to improve the acquisition process. But it is unrealistic to expect any lasting improvement unless major changes are made in management skills and unless more appropriate incentives and disincentives are established and enforced. For example:

- Unless changes are made in the current practice of waiving training requirements and offering only short training courses that cover only introductory subjects rather than important subjects in depth, it is unrealistic to expect the capabilities of acquisition managers to improve.
- Unless changes are made in military careers that now provide few opportunities beyond age 45 or 50, military officers can be expected to seek second careers in the defense industry.
- Unless changes are made in a military personnel system that makes short-term assignments necessary for military officers to acquire the number and the variety of assignments needed for promotion, improved continuity in defense program offices is unlikely.
- Without genuine promotion opportunities for individuals who make the difficult decisions associated with successful negotiating and wise buying, the government cannot be expected to retain enough experienced program managers able to do much more than the routine tasks of promoting their programs, preparing progress reports, and conducting briefings.
- Unless changes are made in the current profit system that demands higher costs as a prerequisite for higher profits, it is futile to expect lower program costs.
- Unless changes are made in a contractor source selection process that gives a significant advantage to those who make optimistically low cost estimates, it is useless to discuss realistic contractor proposals. Criteria for evaluating source selection must give far more weight to cost realism and the contractor's record of past performance.

There will be no lasting improvements in the defense acquisition process until military commanders, beginning with the chiefs of the various services, are sufficiently unhappy with the high cost of weapons and equipment that they will make the changes. Until steps are taken to create and retain the necessary management skills among acquisition personnel, it makes little difference what other acquisition reforms are tried.

The mandate for change must come from the top; only then can improvements take place. Military and civilian leaders in DOD will need to be unambiguous in declaring the steps to be taken to improve management of the acquisition process. They will also need to be persistent in following up to ensure that the changes take place. Pentagon personnel at all levels must be committed to achieving higher quality products at lower cost. Minor adjustments or corrections to the present system will not accomplish this vital job. •

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1. "Most Federal Workers Need Only Be Competent," *The Wall Street Journal*, May 21, 1986.
 2. Richard J. Bednar and John T. Jones, Jr., *The Role of the DOD Contracting Officer*, Report of the American Bar Association (ABA) Section of Public Contract Law, Ad Hoc Committee, John E. Cavanagh, Chairman (Jan. 11, 1987), p. 120.
 3. *DOD Acquisition: Strengthening Capabilities of Key Personnel in Systems Acquisition* (GAO/NSIAD-86-45, May 1986) and *The Washington Post*, June 12, 1986.
 4. *Defense Procurement Process*, hearings before the Task Force on Selected Defense Procurement Matters of the Senate Committee on Armed Services, 98th Cong. (Sept. 20, 1984), part 2, pp. 163-164.
 5. *Career Paths and Professional Development for Acquisition Managers in the Department of Defense*, hearings before the Task Force on Selected Defense Procurement Matters of the Senate Committee on Armed Services, 98th Cong. (Dec. 13, 1984), pp. 27-28.

TIME FOR SOME NEW THINKING

An Interview with James R. Ambrose

As part of its focus on the defense acquisition system, the GAO Journal invited former Under Secretary of the Army James R. Ambrose to share his perspectives with its readers. The wide-ranging interview was held August 8, 1989; the accompanying text, which focuses on how the Pentagon determines its weapon system requirements, is a condensation.

Participating on behalf of the GAO Journal were Comptroller General Charles A. Bowsher; Frank Conahan, Assistant Comptroller General, National Security and International Affairs Division (NSIAD); Paul Math, Director of the Research, Development, Acquisition, and Procurement Issue Area in NSIAD; and Richard A. Davis, Director of the Army Issue Area in NSIAD.

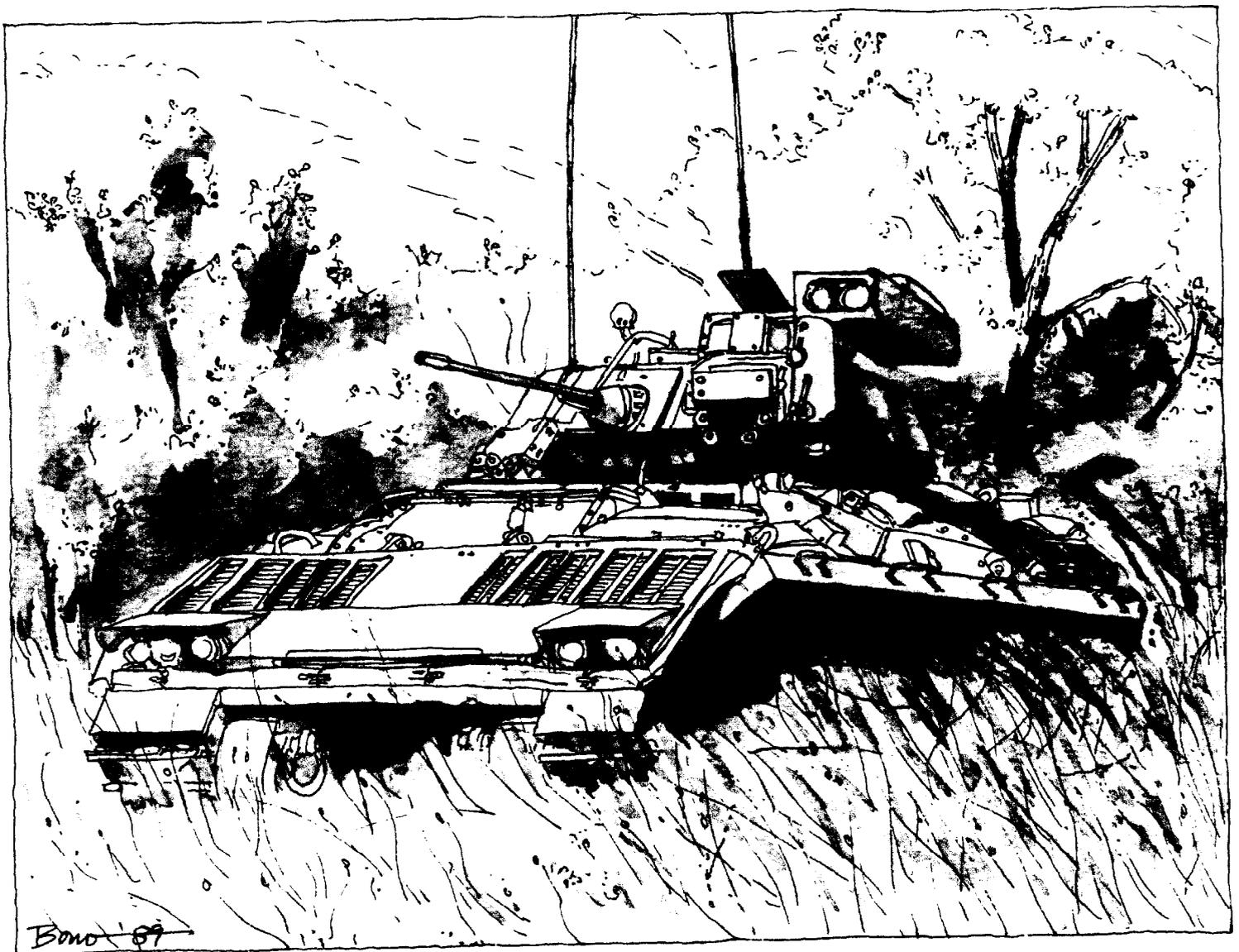
BOWSHER: A few years ago, the Packard Commission recommended the creation of an Under Secretary of Defense for Acquisition. The first two men to fill that post left it with a certain amount of dissatisfaction. Is “Acquisitions Czar” a job any reasonable person would want?

AMBROSE: Probably not. For one thing, the task of imposing effective management from on high is probably impossible in a system the size of the defense acquisitions program. There are just too many programs to manage. You need good people up and down the line—not just at the top—and they’ve all got to be working toward the same goals and be willing to provide you with accurate, trustworthy information. That’s tough to get. For another thing, no matter how many mechanisms are at your disposal to do things methodically on the programmatic side, you’re still at the mercy of the budget process come the fall of each year. Even if the budget process occurred every other year—or even every 10 years—you’d still have to deal with a budget process separate from programmatic planning, and you’d still find people visiting and revisiting the budget after you thought it had been locked in.

People will say to you, “We appointed you czar, now why aren’t you performing like a czar?” But real czars had a lot more authority than these so-called ones.

BOWSHER: Wouldn't you say that if fundamental improvements are to occur in the acquisitions process, they will hinge on adjustments to our overall approach to defense?

AMBROSE: Certainly. The strategy issue is what underlies the whole defense acquisitions mess. Our underlying defense strategy is such that to fund it adequately would be unimaginably expensive. Nobody at the Joint Chiefs of Staff (JCS), for instance, is ready to drop the World War II perspective and question the need for as many Army divisions or tactical fighter wings or carrier battle groups as we're supposed to have. The real cost of



equipping these forces properly would be so great that no one's got the guts to ask for what they really need. So, instead of making choices, we spread the money around inefficiently, even wastefully. It's a simple case of mismanagement.

MATH: With the service cultures—Army, Navy, Air Force, Marine Corps—so deeply entrenched at the Pentagon, how do we get Defense to move beyond parochial concerns and deal with the issue of affordability? Who ought to determine weapon requirements and how should they do it—on the basis of missions? Scenarios? Or should we just continue to allocate money to the services and let them push for the programs they say they need?

AMBROSE: Well, I think that if you start with a focus on the outcome of particular procurement programs, you're entering the process much too late. The driving forces behind these programs are the decisions made at a very basic level, such as whether you even need strategic bombers at all, or whether you intend to keep fighting wars with tanks, or whether you're going to continue to support Europe with forces that are stationed there and others that are supposed to be transported there on 10 or 15 days' notice. You can't really accuse the services of gold-plating or of asking for stuff they don't need when they're being driven by a set of underlying doctrines about what we're supposed to be able to do and how we're supposed to do it. How many wars, for instance, should our armed forces be prepared to fight simultaneously? The prescription itself keeps changing.

Defense doctrine needs to be set in the context of the whole government—the whole society, really—so it can't be handled solely by the uniformed services. But the doctrines already in place are what drive the services in determining their weapons requirements. That determination then gets put in the hands of operational people—people who were soldiers or fliers or whatever. Their experience in the field leads them quite naturally to go after weapons that promise to be better than what they've already used. Very few of these operational people are inspired enough or motivated enough to fight for a change in the underlying doctrine. What they worry about is whether the Russians have a bigger tank in the works and whether we'll need a bigger one than theirs. It's impossible to get these people to reconsider whether we need tanks at all.

CONAHAN: I guess what you're saying is that we need a more realistic assessment of what our basic defense goals and needs are.

AMBROSE: That's right. I think the 1990–1994 five-year Defense spending plan totals something like \$1.6 trillion, but you could debate all day just how realistic the plan is from a funding standpoint and in terms of national security strategy.

BOWSHER: Do you see some kind of opportunity opening up, based on the combination of things happening—the possibility of a Russian pull-back, the budget deficits—to take a fundamental look at our defense strategy?

AMBROSE: There's an opportunity there, sure. That opportunity was lacking in the early years of the Reagan administration when the defense budget was booming. The atmosphere wasn't one in which you could get people to slow down and think this thing through. But it's just like growth projections for business enterprises: 25 percent a year is not sustainable for very long. Now that the boom is behind us, it's time to do some rethinking.

Unfortunately—although there have been exceptions—most doctrinal changes at Defense have come out of the ashes of disasters, not out of deliberate, beforehand analysis and planning.

DAVIS: Turning for a moment to the products themselves—the weaponry developed and produced through the defense acquisition process—do you think the process has produced a situation that jeopardizes our armed forces?

AMBROSE: Not at all. I think there's a common misconception about the general quality of the arms we're acquiring. I'm not saying there are no problems or outright failures, but I think these are often overstated by people who want to make a case for cancelling some systems in order to move the funding to other systems, or who would simply like to see the overall defense budget reduced and the dollars spent elsewhere. Most of the weaponry we're getting today, in terms of its reliability and usefulness, is far better than what we got in the past. And as far as I can judge, it's more suitable to its intended

purposes as well. To go back, for instance, to a “less complicated, more reliable” M-60 tank instead of sticking with the “overcomplicated, less reliable” M-1 would be a tragedy. From a materiel standpoint, what we’ve got is a lot better than what we had; whether you win a war with it, of course, depends on a lot of other factors that come into play in wartime.

DAVIS: We at GAO take the auditors’ perspective, of course. We’ll go out and look at what the performance requirements are for a system, and then look at some of the test results, and we’ll find the system doesn’t measure up. And then we hear people at the Pentagon saying that it doesn’t much matter. We hear comments like, “This system may not test out as well as it’s supposed to, but it’s a heck of a lot better than what we’ve got out in the field today. So why not proceed with it, anyway?”

AMBROSE: The two perspectives aren’t that much at odds. For the auditor, internal consistency is the rule to live by. But for officers out there in the field, it’s performance during wartime that counts. Unfortunately, under the current acquisition system we call for performance specifications that are only realistic for weapons when they aren’t actually involved in a battle. This has something to do with the way the services have to play advocate in order to get what they need. One of the problems is that, under the present acquisition system, we build in higher standards than we really need to achieve. If you’re going to sell a program both within the Defense Department and up on the Hill, you’ve got to shoot for a prospective weapon system that appears to be a quantum leap beyond the old one. But for purposes of getting the advantage in warfare, a small improvement may be enough to get the job done. We end up imposing greater performance demands than we really need. If you do that, then you drive up technical difficulties and costs.

But—to bring up tanks once again—say you’re dealing with the capabilities and performance of the M-1. You’re still bogged down with considerations of that single tank, as though wars were fought with individual weapon systems rather than with multiple systems acting in conjunction under real-life fighting situations.

MATH: Then you don’t think it’s a good idea to let each of the services determine its own requirements.

AMBROSE: Not if they continue to do so independently. As I said, things are set up so that the services decide what they need. Then they argue their case with the Office of the Secretary of Defense (OSD). But not only does this generate requirements that are single-service oriented—there being no way to be a general in the Army, for instance, and advocate that we really need more bombers and to heck with tanks—but within each service there are groups that have their own parochial view. Within the Air Force, for instance, it's always the fighter department versus the bomber department.

CONAHAN: It doesn't sound as if there's some umbrella group in Defense to do the forward-looking, innovative thinking regarding strategy or missions.

AMBROSE: There isn't. And there's certainly none in position to get new ideas accepted. The Congress provides the funds and gets involved all over the place during the acquisition process, but it doesn't decide strategic matters. It has no mechanism for strategic thinking, which is just as well: You'd have a rival Defense Department, which I don't think would be a good idea.

Now, the Joint Chiefs were created with the idea that we needed a single strategic plan. The body that's evolved, though, is not what was intended. It concentrates on operational matters rather than strategic ones. It doesn't face up to the redefinition of roles and missions—whether, say, the function of the Marine Corps might be better achieved by the Army, or whether the reserve component of the Army is adequate to the Army's requirements. The JCS has abdicated to OSD some of its intended role—a role that OSD isn't really prepared to fill. OSD tends to be filled with staff types who have no great background in military matters. Many of them have been in the services, but I don't believe many have commanded higher-echelon units. They tend to be budget-oriented, paper-oriented, bureaucratic. Things move awfully slowly over there. Of course—as I may have implied before—you can wait a long time for significant innovations to occur *anywhere* at the Pentagon. The changes we need to see are at the deepest and broadest levels of strategic planning, and for that you'll probably have to wait longest of all. •

AMERICA'S OVERCROWDED PRISONS

Defining the Problem

James H. Burow & Carl T. Trisler

AS OF JULY 1989, about 49,500 people were confined in federally run prisons designed to house 31,100. In other words, these prisons were operating at 59 percent over their official capacity. It is expected that, by 1995, the federal prison system will have to house 94,000 inmates—about 90 percent more than the current number. (The information presented here is drawn from a forthcoming GAO report on federal, military, and state prison populations.)

Overcrowding is a serious problem at the state level as well, with the overcapacity rate at about 23 percent. State prison populations are also expected to grow. Virginia projects a doubling of its prison population by 1995; California expects to have over 136,000 prisoners by 1994, up from approximately 83,000 present. In some states, growth in prison populations is expected to be even more dramatic than at the federal level.

Why has there been such a steep rise in the prison population? Why are experts predicting further increases?

On the federal level, the Comprehensive Crime Control Act of 1984, the Anti-Drug Abuse Acts of 1986 and 1988, and the sentencing guidelines established in 1987 by the U.S. Sentencing Commission changed sentencing practices so that more offenders would be incarcerated and certain types of offenders would be required to serve much longer sentences than formerly was the case. Arrests and convictions in the war on drugs, especially at the state level, have also increased prison populations.

Demographic trends are another factor. Prison populations typically have a high proportion of 20-to-45-year-olds. Incarceration rates began to rise in the early 1970s, as the number of people between 20 and 45 increased. These trends are expected to abate in the 1990s but then resume after the turn of the century as the children of the baby-boom generation reach adulthood.

Beyond these specific causes lies a shift in corrections philosophy over the last two decades. Once, prisons were seen as a means of rehabilitating offender

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so that they could be returned to the community. Experimental studies in the 1970s, however, did not support this rehabilitation model. Today, one aim of criminal justice systems is simply to prevent dangerous offenders from causing more harm to society by putting them behind bars: to incapacitate them.

Overcrowded prisons can do this, but at a price. As prisons overflow, facilities and programs are put under strain. The likelihood of violence increases, making prisoners and staff subject to greater danger. Finally, courts sometimes react to these problems by setting a cap on the prison population. This may result in early release programs—thwarting the original objectives of sentencing guidelines, as well as attempts to incapacitate offenders.

Building more prisons would solve the overcrowding problem, but new prisons are expensive. Current plans for federal prison construction call for outlays of about \$1.8 billion to double the current prison capacity. Yet given the projected increases in the prison population, even this sum would merely lower the overcrowding rate, not eliminate it; eliminating overcrowding would cost many more billions. Alternatives to traditional incarceration, such as probation with varying degrees of supervision, electronically monitored home detention, house arrest, prison boot camps, and other innovative programs, are being used in some states, but their use is controversial and is still under study.

The *GAO Journal* asked leading criminal justice researchers and practitioners what they thought should be done about prison overcrowding. Their answers suggest the range of views on this important issue.

“We cannot afford to incarcerate everyone who breaks the law.”

Anthony P. Trivisono

AS CRIME HAS become one of the major issues in this country, a consensus has developed among the American people—and their legislators—that lawbreakers should face harsher punishments than they have in the recent past. In most cases, this means incarceration, and long periods of it at that.

This attitude seems reasonable when one considers the soaring crime rates affecting all parts of the nation. At the same time, however, the American public needs to be made aware that harsher punishments take a severe toll in the form of overcrowded prisons and jails. The 1988 prison inmate total was more than twice the 1980 total. Some state prisons are so crowded that offenders sentenced to them are instead having to be held in local jails.

Correctional personnel who want to ease overcrowding and improve living conditions in their facilities often find a strong ally in federal court orders that mandate limits on inmate populations. Stiff fines may be imposed on state and local governments that violate these orders, with thousands of dollars being charged for each day that prison populations exceed the court-established limits. But often such a scenario simply results in a shouting match between federal

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courts and state or local governments: Correctional officials are caught in the middle, and little or no progress is made on prison overcrowding.

What can be done? Do we need to continue building new prisons and jails? Yes—they are expensive but necessary. Yet we, as a society, must also come to grips with the realization that more prisons and jails will not noticeably cut the rising crime rate. Obviously, someone who rapes, maims, or murders must be sent to a high-security prison for a very long time. Still, we cannot afford to incarcerate everyone who breaks the law.

According to a Justice Department study released last year, more than a third of state prison inmates are under conviction for nonviolent property crimes and drug violations. Such crimes are by no means trivial and should be punished, but incarceration may not be the best way. It does not make sense, economically or morally, to spend \$16,000 or more per year to lock up someone convicted of a nonviolent crime.

While it may be politically impossible to reduce incarceration levels by one-third, legislation that authorizes alternatives to imprisonment for certain nonviolent crimes could significantly reduce the soaring rates of incarceration and thereby alleviate prison crowding. Because prison and jail space is limited, it should be reserved for those awaiting trial for crimes of violence, those convicted of violent crimes, organized crime figures, and habitual offenders. All others, including some drug offenders, should be assigned to community control programs. Such programs are far less expensive than incarceration and also permit nonviolent offenders to repay their debt to society as working, taxpaying members of their communities. Excessive reliance on incarceration is too costly to continue—both financially and, given the overcrowding that exists, from the standpoint of basic decency.

“Effective and principled punishment of criminals requires . . . a range of punishments between prison and probation.”

Norval Morris

PRISONS IN THE United States are overcrowded, certainly; but probation in America's crime-ridden cities is even more overcrowded. The truth of the first statement is generally well-appreciated. But only those with some understanding of the criminal justice system seem to appreciate the devastating effects of loading 200 or more cases onto one probation officer—a quite common occurrence in some cities. Probation often becomes merely a token punishment, allowing the judge to appear to be doing something when actually nothing is being done.

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Essentially, we are both too lenient and too severe with convicted offenders—too lenient with many on probation who should be subject to tighter controls in the community, and too severe with many in prison and jail who, if under adequate supervision, would present communities with no serious threat. Effective and principled punishment of convicted criminals requires the application of a range of punishments between prison and probation. Imprisonment is now used excessively, probation even more excessively. Between the two is a spectrum of intermediate punishments that are hardly used at all.

If we are to devise a comprehensive and principled punishment system that avoids excessive reliance on incarceration, we must pursue two lines of action:

First, these intermediate punishments—by which I mean fines, house arrest, intensive probation, restrictions placed on residence and movement (sometimes enforced by electronic monitoring), compulsory addiction treatment programs, community service orders—must cease to be scattered and random experiments, as they now are. They must become an integral and major part of every jurisdiction's punishment system. This will require the allocation of adequate resources—trained personnel and community-based facilities.

Second, sentencing guideline systems, whether statutory or voluntary, will have to incorporate these intermediate punishments into a comprehensive grid of sanctions instead of resorting to them as occasional leniencies, as commonly occurs now.

Such sentencing systems incorporating enforced intermediate punishments are still in the earliest stages of development. But there is no doubt that they could become important parts of the U.S. criminal justice system.

“A judicious use of intermediate sanctions can free up prison space for violent offenders.”

Joan Petersilia

MORE AND MORE states are experimenting with programs that provide alternatives to prison sentences. Not long ago, public demands to “get tough on crime” would have made such experiments politically unthinkable. But in the face of severe prison overcrowding and the high cost of building new facilities, taxpayers have become more willing to consider lower-cost alternatives to incarceration—as long as they control and punish criminals appropriately.

Most of these programs are “community-based,” but they differ from traditional probation in important ways. The convicted criminal remains in the community under close surveillance and strict conditions intended to prevent further crimes. Programs range from intensively supervised probation to elec-

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tronically monitored house arrest to short-term “shock” imprisonment in boot-camp-type facilities followed by strict probation regimens. In most cases, offenders are required to hold jobs (or go to school), perform public service, and pay monetary compensation to their victims.

National interest in developing such intermediate sanctions has been phenomenal. In 1985, there were only two electronically monitored house arrest programs; today, there are more than 50. Not only can house arrest and other alternative programs punish the offender and protect the community, but they are also much cheaper than traditional incarceration. Direct costs for house arrest range from \$5,000 to \$8,000 a year—about \$10,000 less than annual per-inmate prison costs. Since program participants work, they pay state and local taxes, and may pay supervision fees as well. Furthermore, the state does not have to make the welfare payments that often go to inmates' families.

In addition, when properly used, alternative programs seem to do a better job of controlling crime. Fewer than 10 percent of offenders in alternative programs have committed new crimes—and most of these were misdemeanors. The recidivism rate for regular probationers and released prisoners, on the other hand, is about 50 percent.

There is no evidence that these programs could safely handle violent offenders. Most of them limit participation to property offenders with minor criminal records, which undoubtedly helps explain the low arrest rates. Still, more than half of all prison admissions nationwide are for property or public order offenses; therefore a judicious use of the intermediate sanctions can free up prison space for violent offenders.

Although causal connections have never been proved, criminal behavior is related to unemployment and substance abuse. This may be another cause for the success rate of alternative programs: Offenders who remain in the community are given a chance at stable employment. According to evidence from programs in Georgia, New Jersey, and Oregon, most of the offenders who got jobs during intensive supervision kept them afterward.

These programs have their critics—particularly victims' rights groups, such as Mothers Against Drunk Driving—who protest that community-based sentences are too light for serious offenders and that incarceration is the more harsh and therefore more appropriate punishment. Ironically, offenders do not always seem to regard alternative punishments as more lenient and more desirable than imprisonment. Given a choice between a period of intensive surveillance in the community or a shorter term in prison, many choose prison. In one Oregon program, for example, half of the eligible offenders opted for incarceration rather than the alternative.

These alternative programs may simply serve as quick fixes to prison overcrowding, or they may herald a fundamental change in sentencing options. The country is long overdue for such a change, and even if these programs begin as stopgap measures, they provide a singular opportunity to start reshaping the nation's corrections philosophy. It would be a shame to lose this opportunity because these programs were not fully tested or fully understood by the public. For if the programs fulfill their early promise, we will have found more than a short-term response to prison crowding: We will have begun to shape a new, less costly, more humane, and more effective approach to reducing crime.

“One of the first steps would be to rescind all mandatory minimum sentencing laws.”

Alfred Blumstein

ONE BASIC PROBLEM with the criminal justice system today is that available sanctions are by and large limited to either meaningless probation or imprisonment. What is needed is a continuum of alternatives: fines, intensive supervision on probation or parole, house arrest using electronic monitoring systems, work release programs, short-term incarceration in boot camp situations, and many others that have been proposed.

With such a continuum, a jurisdiction could exercise flexible control over its convicted offenders, holding those who are most dangerous to the community in the maximum-security prison, while leaving free in the community those who committed relatively minor offenses and who have little risk of recidivism. Others could be assigned to the intermediate sanctions.

To be sure, it would be necessary as part of this program to have a more careful system of monitoring offenders' behavior in these various control situations. As offenders demonstrated that they were functioning well, the level of control could be diminished; conversely, as they showed themselves to be unreliable, the level of control could be increased.

One means of such monitoring could be urinalysis. The National Institute of Justice's Drug Use Forecasting program has shown that 50 to 75 percent of arrestees have been detected as drug-positive through urinalysis. Since drug involvement has so consistently indicated probable criminal involvement, a positive urinalysis could be a basis for tightening control over a particular offender, while consistently clean urine could be one basis for loosening the control.

There is no question that drug abuse is one of the most serious issues facing the United States. American citizens have been insistent in calling on political leaders to do something about the drug problem. In the absence of other solutions, politicians' natural response has been to crack down on drug sellers by cranking up sanctions, requiring mandatory minimum sentences and increasing the length of those sentences. But we have to recognize that sentences are likely to have no effect on drug trafficking.

In this situation, we must seek ways to limit the political gain that can be gotten by increasing sanctions. One of the first steps would be to rescind all mandatory minimum sentencing laws. These are often an unreasonable imposition on judicial discretion, since they have to be applied even when they are clearly inappropriate.

We should also require our legislatures to prepare prison-impact statements for any proposed sentencing legislation. Most legislatures require a fiscal-impact statement for legislation involving budgetary commitments. There is no less need for a comparable evaluation of a proposed law's impact on a resource that may be viewed as even more scarce than money — prison capacity.

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Considerations of prison capacity should also be required of sentencing commissions. So far, only Minnesota's has taken seriously the responsibility to match sentencing schedule with available capacity, and that state's prison-population growth rate has been among the smallest. At a minimum, all sentencing commissions should be obliged to report the prison-capacity implications of their schedules and to ask the legislature to provide additional capacity if needed. And as they consider changing a current schedule, they should be required to indicate the anticipated impact on prison populations.

None of these approaches will solve the prison crowding problem in the short run. Over the next decade, the shift in the age distribution toward an older population should help ease the situation—but the distribution will shift back after the turn of the century. In the longer run, changes in the demographic and socioeconomic composition of the U.S. population will introduce new pressures on the prison system. The number of "echo boomers"—the children of the "baby boomers"—began increasing in 1977. More than 20 percent of them are growing up in below-poverty, single-parent households. These individuals will probably begin adding to the nation's crime problem during the 1990s, while they are in the typically high-crime mid-teen years, and they will exacerbate the prison problem in the following decade when they reach their mid-twenties, the age at which they are most likely to be imprisoned. We may be able to counteract this next wave, but to do so would require a major commitment of new resources to improve the education and services available to America's youth. So far, we have not seen that kind of commitment emerge from a political process that restrains the planning horizon to the next election.

“Criminal justice systems . . . are building more prisons today because they have explored the other options and found them unsatisfactory.”

Edwin Zedlewski



PEOPLE WANT MORE offenders incarcerated for longer terms not so much because they want retribution but because they want to feel safe. They want to feel safe in their communities and they want to feel safe in their schools. Prisons seem to them a sure means of gaining that safety. But crowded prisons are a sign that the demand for prison space exceeds the supply. What options have officials considered for narrowing this demand/supply gap?

One option has been increased supervision in the community. In order to further reduce their demand for prisons, people would have to be convinced that offenders can remain within the community at little risk to public safety. But 2.4 million offenders have already been placed in the community—double the 1980 population. It is hard to argue that still more releases can be safe.

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Officials have also explored punishments between probation and prison. These alternatives—house arrest, intensive probation supervision, and “boot camps”—primarily target nonviolent offenders headed for their first confinement. Less than 1 percent of the correctional population is now in alternative programs, and even if the programs were to be expanded, they would not likely take in more than the one in 20 prisoners who are first-conviction nonviolent offenders. At best, the alternatives can offer only marginal relief.

This is the conclusion prison officials and criminal justice systems have reached over the past 10 years. They are building more prisons today because they have explored the other options and found them unsatisfactory. They recognize that there is a strong public concern for safety and limited means of providing that safety. Recent drug enforcement efforts have escalated the demand for prisons and dramatically increased prison crowding. As a result, there is now a pressing need to respond quickly and rationally to the demand for prisons.

What is needed in confinement policy is a different kind of management, a management that anticipates expansion and makes sure that resources are committed when they are needed. The responsibility for such management rests with all branches of government, not just the criminal justice system. Legislative, executive, and judicial branches must work together if the gap between supply and demand for prisons is to be closed.

Governments need to establish permanent planning commissions that can work to coordinate judicial and legislative processes and eliminate crisis atmospheres. These commissions would formulate and guide confinement policy. Specifically, they would develop population and capacity projections, estimate population and budgetary impacts of proposed changes in sentencing structure, and propose programs consistent with those estimates. They would also monitor time served by offenders and evaluate community-based supervision.

Such a broadening of the “ownership” of confinement policy is essential if we are to have more sober and long-range thinking on this issue.

“None of the current responses addresses what is causing prison overcrowding: changed sentencing practices . . . and the so-called ‘war on drugs.’ ”

Alvin J. Bronstein

SO FAR THERE have been three responses to prison overcrowding at the state and federal level.

Prison construction. Large states like California are spending billions of dollars on new prison space, and President Bush has called for \$1 billion in new federal prison construction, a threefold increase in planned spending.

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But in light of projected increases in prison populations, this expansion will have no impact on overcrowding in the federal system, which, according to figures from the Bureau of Justice Statistics, was 72 percent over capacity at the end of 1988. With a net national increase of 800 prisoners per week, we would have to spend \$1 billion a month to build prisons just to accommodate the current increase in prison population—to say nothing of current overcrowding.

Alternatives. Various states, wary of the cost of building new prisons, are investing in alternatives to incarceration. Here too, the response has not solved the problem and has also had the effect of widening the net of social control. Kentucky has a large Intensive Community Supervision program. Florida has the greatest number of people in house arrest supervision, and both states experienced 1988 prison population increases at or above the national average.

Do nothing. A number of jurisdictions, most noticeably the District of Columbia, are bureaucratically frozen into doing nothing about prison overcrowding. This allows elected officials to brag about being tough on criminals while saving taxpayers' money—and then scapegoat federal judges who intervene when overcrowding results in unconstitutional conditions of confinement. The result is often the potential for a replay of the tragedies of Attica in 1971 or Santa Fe in 1980.

None of the current responses addresses what is causing prison overcrowding: changed sentencing practices in the last 15 years, which require longer sentences and mandatory minimum sentences, and the so-called "war on drugs." During each of the last few years, police made about 750,000 arrests for drug law violations, mostly for possession and not for manufacturing or dealing. The result has been the overwhelming of most urban criminal justice systems.

Although admittedly difficult to implement given the current mood of the country, my proposed responses have the advantage at least of directly addressing the causes of prison overcrowding.

- **Sentence as many people as we are now, perhaps more, but for shorter periods of time.** We must begin to consider prison space as a scarce resource, reserving it for short prison terms for those offenders who we feel must be punished by incarceration. Bankrupting the future of this country by building more prisons will have no significant impact on the number of crimes committed. The public is confused into thinking that locking up more criminals is the same thing as reducing crime rates. It is not, and no jurisdiction has ever successfully built its way out of overcrowding or had an impact on crime rates by an expanded incarceration policy.

Consequently, we should eliminate most mandatory minimum sentences, eliminate most repeat-offender enhanced sentences, and shorten sentences to lengths comparable to those in other industrial democracies. Faced with the decision of how to use one prison bed over a three-year period, I would rather use it to sentence 12 burglars to three months each than to sentence one burglar for all 36 months.

- **Make the drug problem a public health and social welfare problem, not a criminal justice problem.** During the last eight years, while we have conducted our national "war on drugs," so much cocaine has come into this country that the wholesale price has dropped by 80 percent even as the retail purity of a gram of cocaine has quintupled; the trend with heroin has been similar if less dramatic. We are seeing rising levels of corruption in federal, state, and local criminal justice systems largely because of the powerful allure of illicit drug dollars. We are seeing more and more drug-related crime. We are seeing the greatest benefits of our current anti-drug strategy going to drug traffickers.

In other words, our absurd drug policies are proving costly, ineffective, and counterproductive—just as Prohibition did 60 years ago.

Adopting rational new drug policies would have a huge impact on prison overcrowding. We should remove drugs from the criminal justice system and, as with alcohol and tobacco, deal with drugs as a public health problem. The huge sums of money now going into ineffective law enforcement efforts should be diverted into education, treatment, and other social welfare programs.

“Overcrowding does not lead inexorably to a deterioration in the quality of institutional life.”

John J. DiIulio, Jr.



THERE IS NO escape from the overcrowding problem. Demographic and sentencing trends make it virtually certain that a large fraction of the nation's prisons and jails will be at least as overcrowded a decade from now as they are today. We can learn to cope with overcrowding via creative management, or we can let population pressures make the institutions even less safe, civilized, and cost-effective than they are now. Those are the only options available to us.

Most widely touted “solutions” are unrealistic:

- **Build our way out of the problem.** “Fast-track” prison construction projects have been completed in a number of states. But many of the new facilities show the haste with which they were built—faulty locking systems, security “blind spots,” and so on. And overcrowding persists.

Moreover, even if we could build prisons faster, better, and cheaper, there are simply not enough trained, experienced correctional staff to go around. In correctional settings, putting inexperienced staff into key decision-making positions is a recipe for disaster. But that is precisely the recipe we will be forced to follow if we bring hundreds of new facilities on line in the space of a few years.

- **Make greater use of alternatives to incarceration.** Today over three-quarters of all persons under correctional supervision are *not* incarcerated. Over the last decade, while prison and jail populations in many jurisdictions doubled, probation and parole populations more than tripled. Many probation and parole agents now “supervise” more than 200 “cases” apiece. Nobody can know for sure, but my sense is that we are near the outer limits of our capacity to handle offenders in the community (with the exception of a few particular programs, which I shall mention below).

As we face the task of easing the human and financial toll of overcrowding, we should keep two key points in mind:

First, overcrowding does not lead inexorably to a deterioration in the quality of institutional life. If the most recent and sophisticated studies are right, there is no evidence that overcrowding increases the incidence or the severity of cell block disorders, or that it severely damages inmate work, educational, recreational, or other programs. Systematic studies by Christopher Innes of the Bureau of Justice Statistics, Gerald Gaes of the Federal Bureau of Prisons,

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and others reinforce the findings of exploratory researchers who have found wide variations in the consequences of given levels of overcrowding.

Second, overcrowding can be managed in ways that minimize its harmful effects. The California Men's Colony (CMC) is a maximum-security prison in San Luis Obispo. In the mid-1980s, it had more than 2,000 inmates—20 percent over its designated capacity. By 1988, it had more than 6,300 inmates. Nevertheless, CMC remained what it had been for most of its history: namely, one of the safest, cleanest, most programmatic prisons in the California system. It continued to boast the lowest per-inmate per-year expenditure rate and the lowest violence rates of any high-custody prison in the system. Moreover, as CMC became more overcrowded, rates of many classes of violent infractions actually dropped.

To deal with overcrowding, I would recommend two small steps:

First, the Bureau of Prisons should sponsor a conference on overcrowding management coping strategies. This conference should be a three- or four-day affair featuring practitioners from a variety of jurisdictions who have actually wrestled with the overcrowding problem. If anything useful comes out of this retreat, the Bureau should publish and circulate the proceedings, and more such meetings should follow.

Second, we should expand the use of intensive supervision programs (ISP). Unlike conventional probation and parole programs, ISPs reduce the supervisor's caseload to a manageable number; involve regular face-to-face contacts between the supervisor and his or her charges; and mandate offender participation in work, drug testing, community service, restitution, and other programs. Experiments with ISPs in Georgia, New Jersey, and other jurisdictions indicate that they can handle certain types of offenders who might otherwise be sent to jail or prison. ISPs are not for chronic predatory offenders, and they have yet to be studied in a rigorous scientific fashion. But they are a good bet for relieving a tiny fraction of the overcrowding pressures.

I concede that these measures are band-aids that will not stop most of the bleeding. But I would rather use a few well-placed band-aids than make believe that I was not bleeding, or sit and wish that the cuts had never occurred.

“Sentencing guidelines are not a panacea, but they can encourage more disciplined and rational decisions concerning imprisonment.”

Norman A. Carlson

PUBLIC DEBATE ON prison overcrowding has been reduced to simplistic proposals that are presented as an either/or proposition: Either increase prison capacity, or decrease the demand for space by diverting additional offenders to alternative forms of supervision and punishment.

If an opinion poll were taken today, the overwhelming choice of the poll

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“If there is to be a solution, it must rest in changing the social environment that spawns violent crime.”

John H. Kramer

THE SIZE OF prison populations has reached crisis proportions in almost all states. A few states, such as Texas and California, are trying to build themselves out of the problem. Others have established sentencing commissions to develop sentencing policy designed to reduce, eliminate, or stabilize the problem. Between these two extremes lie various proposals to develop alternatives to incarceration, such as community corrections and intensive probation.

But none of these solutions attacks the real problem in our society of an overwhelming violent crime rate. The long-term solution to the problem does not rest with any of these approaches—more prisons, sentencing guidelines, or alternatives to incarceration. Ultimately, all are stopgap measures. If there is to be a solution, it must rest in changing the social environment that spawns violent crime. Until we devote adequate and appropriate resources to the task of convincing youths to make a commitment to our social system, the crime rate will not go down. And as long as our society generates such a large number of predatory, violent offenders, the public and politicians will continue to be fearful and frustrated with crime and will support increasing penal sanctions.

Alas: The prospects for establishing a national agenda for crime prevention are slight. Political agendas are too short-term; the risk for failure is too high. We must assume that we will continue to be confronted with succeeding generations of high-rate offenders.

In my opinion, the only fair and equitable coping strategy is commission-authored sentencing guidelines such as those in Washington State and Minnesota. In these two states, prisons have not become overcrowded. Their legislatures have established sentencing commissions *and* instructed them to establish sentencing guidelines that would keep prison populations at about 95 percent of capacity. The guidelines have proved successful in ensuring fair and efficient use of available prison space. In fact, Washington and Minnesota have actually rented prison space to other states with overcrowded prisons. Moreover, neither state has suffered any noticeable increase in its crime rate.

In addition to eliminating overcrowding, the commission-based guideline model has another advantage. It allows for increases in sanction severity in conjunction with increases in capacity. This linking of sentencing policy with capacity makes possible careful and thoughtful penal policy and can also clearly identify individuals for whom alternatives to incarceration are appropriate.

Those who are skeptical of the Washington and Minnesota models might suspect that the lack of prison overcrowding in these states could be explained by lower rates of violent crime. But this does not seem to be the case. Rather, the explanation seems to be that the choice of public policy determines whether prisons will be overcrowded or not.

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Joseph Duffey

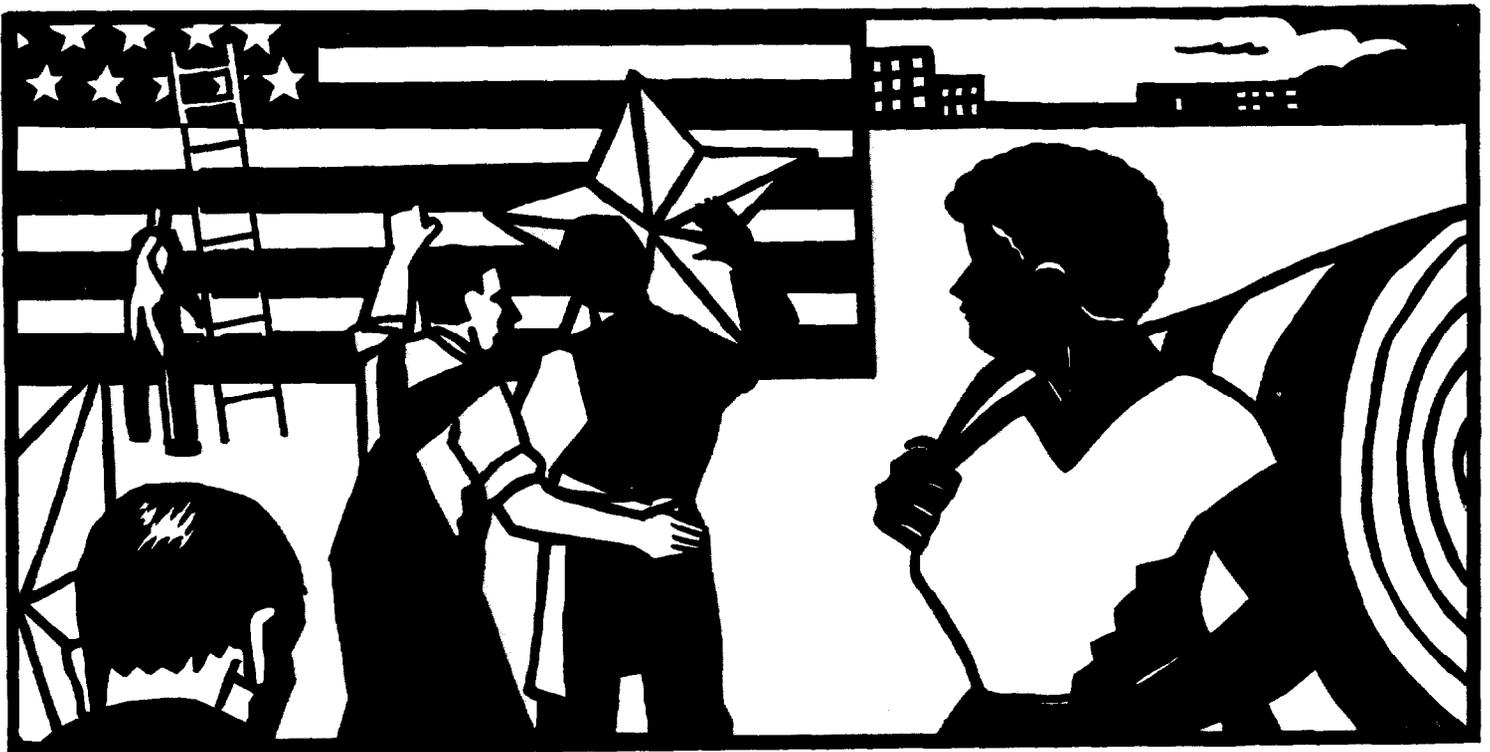
THE CASE FOR NATIONAL SERVICE

Approaches may differ, but the idea of a citizens' corps is gaining a following.

TODAY NEW ATTENTION is being paid to the possibility of instituting some form of national service in the United States. The idea itself is not new. Think, for example, of the Civilian Conservation Corps of the 1930s or the Peace Corps, established in 1961. But all ideas have their seasons: at the right time, a theme or a proposal can capture the nation's attention.

This now seems to be the case with the concept of national service. Since January, nearly a dozen different proposals have been introduced in the Congress. New books and articles advocating national service appear each month. President Bush recently addressed the issue with a proposal calling for both private initiative and legislative action.

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These various proposals are based on a number of different models for national service. One widely discussed model would institute a system of voluntary civilian or military service for young people; participants would be given subsistence wages, as well as vouchers, worth \$10,000 to \$12,000 per year of service, that could be applied to education, job training, or a down payment on a home. The Bush administration has favored an all-volunteer program and has emphasized such actions as providing funds to community groups to encourage volunteer service and removing legal and other obstacles to volunteer work. Other proposals call for part-time, school-based service; a full-time youth conservation corps; an expansion of VISTA (Volunteers in Service to America); or an expanded Senior Volunteer Corps for retirees. Some individuals have even called for mandatory programs, but the federal government lacks either the funds or the political support that such programs would require. Instead, increased volunteerism and a system of tangible rewards to those who sign up for national service are likely to be the favored approaches.

An old notion with fresh appeal

Why has there been such increased interest in this rather old notion that the nation should call its young to serve the wider community? What is missing in America that the idea seems so relevant today?

One factor is a widespread concern with the kind of education being offered to young men and women in modern-day America. By education I mean not just what happens in school, but the total experience of young people in the family, the community, and ultimately in the nation as a whole. At every level, Americans are asking about character and values: Are existing social institutions and opportunities adequate to help this nation's young people grow into mature, productive workers and proud, contributing citizens? By what forms of knowledge and experience do young people gain a sense of belonging to a sphere larger than a family and more inclusive than a neighborhood? What price do young people—and the nation—pay for the general loss of a sense of community in American life?

At its best, national service offers young people a chance to grow and mature in ways not offered by the schoolhouse or the workplace. It can teach lessons that can help the young achieve personal success in work, serve as good citizens in their communities, and act as role models for the generations that follow.

Americans have always valued and celebrated individualism. Yet thoughtful observers of America's national life have often pointed to the other side of individualism, to the splintering of society into isolated parts that lack coherence and any sense of identity with the larger community. Alexis de Tocqueville, writing about this country in the 1830s, warned that if individualism and community slipped out of balance with each other, acquisitiveness and self-absorption might take center stage. He foresaw a time when individuals and

families, preoccupied with looking after themselves alone, might come to hardly need or "expect anything from anybody. . . . They form the habit of thinking of themselves in isolation from others and imagine that their whole destiny is in their own hands." "There is danger," he wrote, that they may become "shut up in the solitude of . . . their . . . own hearts."

Another troublesome issue is that of citizenship. According to Spinoza, "men are not born fit for citizenship, but must be made so." Observers of the American civic experience have for decades described a clearly diminished sense of citizenship in both the young and the general population. In recent years, national polls have revealed that most Americans tend to define citizenship in terms of rights rather than responsibilities; they refer to freedom of speech and religion and the right to a trial by jury well before, and often to the neglect of, the responsibilities of voting, jury duty, or serving in the nation's armed forces.

Interest in national service has been sparked not only by concerns about education, community, citizenship, and values, but by the perception that this country faces a great social deficit—a mounting accumulation of unmet human needs.

In short, we seem to have become a nation far more involved in getting and spending than in serving what our ancestors called the "commonweal." A national study of the attitudes and the values of high school seniors showed a remarkable shift taking place between 1976 and 1986. College-bound students were asked to choose from a list of 14 "life goals." The goal that showed the greatest increase in popularity over the decade was "having lots of money"; the goal showing the greatest *decrease* was "finding purpose and meaning in life."

Interest in a national service program has been sparked not only by concerns about education, community, citizenship, and values, but by the perception that this country faces a great social deficit—a mounting accumulation of unmet human needs. These include care for millions of isolated and lonely elderly Americans, education in literacy for millions of adults, child care, and tutoring and special assistance for educationally disadvantaged youngsters. The nation does not have enough trained professionals to take on all that needs to be done and cannot afford the cost of more public jobs and programs in these areas. These and other important needs would benefit greatly from the efforts of well-organized, well-supervised volunteers.

Charting the right course

All these trends have created a national mood that requires taking the idea of national service with a new seriousness. Despite this general agreement, however, the nation is having a difficult time coming to grips with the question of exactly what kind of program we should have, and how it should be implemented. Policymakers have been getting locked into old arguments

about government versus private solutions. Both extremes present problems: Government programs can become watered down by concessions to private interests, and private initiatives can depend too heavily on promotional hype.

Clearly some combination of public and private initiative is required, as well as a statute backed by national mandate.

But we are having trouble finding the right approach. Why?

One reason is that the conditions under which we have called for citizen service in the past do not exist in the same form today. There is no immediate crisis or threat, no threshold event that can stir the average person to action. In a time of increased abundance, education based upon relative values, and lives increasingly focused on self at the expense of society, the moral compass tends to swing rather freely. Though there may be agreement on the necessity of service, the national will to make it happen does not yet exist. Essentially, many Americans are out of the habit of citizenship, primarily because no real test of it has come along for several generations.

National service should be based on the old notion that citizenship is strengthened when individuals contribute to their national community in return for the rights and privileges guaranteed by the government.

In these circumstances, we must ask whether we can develop a new program of national service based on the old notion that citizenship is strengthened when individuals contribute to their national community in return for the rights and the privileges guaranteed by the government. Can such contributions be voluntary, or must the nation request or even require them? Is a system such as ours weakened when it does not ask those who benefit from free association with it to reaffirm the social compact?

Economic questions come into play here as well. In the current era, when the competitive global marketplace is the new battleground in which national economic security is fought for, should new standards for citizens' contributions to their country be established? Can threats to the nation's (and its citizens') long-term economic self-interest be used to justify calls for increased citizen service, in the same way that threats to national security or more immediate economic threats, such as the Great Depression, have been used in the past?

Crafting a program

I believe the United States needs a national service program. It should be inclusive, thoughtfully structured, mandated by statute, and invested with a unified national identity, as well as broad public support. In other words, it must be a *real* program—neither a promotional paean to citizenship nor a

mechanism designed primarily to keep post-adolescent young people occupied with what their elders define as “useful activity.”

The Congress and the Bush administration deserve praise for kindling a new spirit of civic obligation and advancing specific proposals for a national service program. But the debate on what type of program to implement and how to do so is becoming mired in technical and semantic details. The fundamental goals of any type of national service are sometimes obscured. As a result, either national service or volunteerism—at least in the forms now being proposed—may fall well short of even modest national achievements.

The proposals that have been advanced in the Congress generally focus on meeting specific social needs as well as offering young volunteers opportunities to get post-secondary education and training that might otherwise be unavailable or unaffordable. President Bush’s “Points of Light” approach would also involve young people and address social issues, but with altruism as the sole inducement to service.

Both approaches have their merits—anything that mobilizes or inspires large segments of the population will result in some beneficial activity. The nation can benefit from both a program of national service and an increase in voluntary activity.

But the two approaches also have shortcomings. These shortcomings illustrate the general differences between national service and volunteerism.

The congressional proposals for national service, for example, stand to be weakened by the compromises already being made to special interests. The terms are becoming all too clear: Don’t touch student aid; don’t displace workers at the local level; don’t harm the Peace Corps or VISTA; keep the cost per volunteer reasonable; ensure that there are options for every age group; avoid compulsory obligations. In addition, one can question whether the federal government is capable of administering such a program effectively, or whether such a program is workable at all, even if it is operated in a decentralized way. Also, national service may become the employment of last resort, attracting only those who have little to offer.

Citizen service and citizen volunteerism take on new meaning in a world whose economy the United States no longer dominates. Both must make maintaining our living standard and improving our economic position their overriding purposes.

Volunteerism has its drawbacks as well. The Points of Light approach, for instance, relies on exhortation and encouragement by successful example. There are no tangible incentives for youth service—no inducements to get on board and no penalties for missing the boat. This does not seem realistic at a time when the U.S. military spends a billion dollars a year to attract young recruits, and another billion in bonuses to hold onto them, yet fails to meet recruitment targets.

Furthermore, volunteerism generally sets no priorities and therefore creates no systematic way to address the grave social needs in this country. It

makes no distinction between contributing time and energy to a garden club and serving at a homeless shelter—between coaching a children's soccer team and teaching an illiterate adult how to read. Volunteerism is also usually geared to civilian service and therefore does not address the nation's needs for military personnel.

Finally, volunteerism will have little impact on America's long-term economic vitality and competitive strength.

Bolstering U.S. competitiveness

This last point concerns me the most. In my opinion, neither national service nor volunteerism will serve the nation well unless both make maintaining the U.S. living standard and improving America's world economic position their overriding purposes. Citizen service and citizen volunteerism take on new meaning and importance in a world whose economy the United States no longer dominates.

Accordingly, any national service program this country implements must be geared toward different goals than national service has addressed in the past. Although deciding on the details of a national service program would require considerable study, five guiding principles seem clear:

First, national service should be structured not only as an opportunity to serve, but also as a door to considerable opportunity *for* those who serve. Many young people will walk through such a door because it means growth and development through training, travel, responsibility, experience, and accomplishment.

Second, a program of national service should have some connection with student aid. Both underprivileged and middle-class young people have growing needs for tuition assistance, and vouchers earned through national service may make the crucial difference in meeting the costs of a post-secondary education. But national service should probably not be the only way for young people to get student aid; Pell grants, which go to the neediest students, might best be left in place, even if other forms of tuition aid are phased out.

Third, national service should include participants that represent a broad range not only demographically but also in terms of potential for achievement, aspirations, and attitudes. To that end, participants in any pilot program should be selected carefully in order to establish a precedent for the proper mix.

Fourth, national service should be made distinct from volunteerism. Community volunteers are recognized primarily within the organizations and locations where they serve. But national service volunteers should be recog-

nizable wherever they go. Their service should become a badge of status that they carry into their colleges and universities, into the workplace, and into their communities.

Finally, national service should be seen as a vital contribution toward strengthening U.S. economic competitiveness. Both by doing some of the nation's most important work and by providing opportunities to gain knowledge and training, a program of national service can help create a more able work force and a more active and enlightened citizenry.

In my opinion, there is room both for the kind of national service program outlined above and for a public-private initiative to bolster continuing volunteerism. Together, these programs could launch the nation's first full-fledged exercise in what William James referred to as "the moral equivalent of war"—public service to meet urgent social needs.

Citizen service must be seen as having a value beyond simply performing good works—it must be linked to the beliefs we teach about the American system and to the expectations employers have for a responsible and creative work force.

In his recent book, *Day of Reckoning*, Harvard economist Benjamin Friedman argues for dealing now with the ongoing U.S. fiscal crisis. His words have a haunting parallel to the arguments in favor of national service:

The best way to meet this challenge is simply to be clear about what is at stake. The issue in the first instance is one of economics. But it matters because its consequences affect more fundamental aspects of what America is about as a society and as a nation. Adopting a different fiscal policy is not just an economic desideratum but a moral imperative. If we do not correct America's fiscal course, our children and our children's children will have the right to hold us responsible. The saddest outcome of all would be for America's decline to go on, but to go on so gradually that by the time the members of the next generation are old enough to be asking who was responsible for their diminished circumstances, they will not even know what they have lost.

Citizen service must be seen as having a value beyond simply performing good works—it must be linked to the beliefs we teach about the American system and to the expectations employers have for a responsible and creative work force. At its best, national service offers young people a chance to grow and mature in ways not offered by the schoolhouse or the workplace. It can teach lessons that can help young people achieve personal success in work, serve as good citizens in their communities, and act as role models for the generations that follow. •

Ira Goldstein

MANAGING FOR PERFORMANCE IN THE PUBLIC SECTOR

IN CHANTILLY, VIRGINIA: The
Seventh Annual GAO Management
Conference, November 1989

GAO holds its seventh annual management conference in Chantilly, Virginia in November of this year. The conference's primary focus is on excellence in managing human resources, with special emphasis on achieving gains in the quality of GAO's work and the productivity of its staff. For the first time, conference participants include Band III (GS-15) managers—an indication of GAO's commitment to improving its line managers' skills in human resource management. The accompanying text expands on remarks prepared by Ira Goldstein, Assistant Comptroller General for Operations, for delivery at the conference.

SOME TIME AGO, I joined several other supervisors in downgrading a GAO evaluator¹ for poor performance and transferring him to a lower-level nonprofessional position. On the day he left our division for his new job, he stopped by the office and did something unexpected . . . he thanked us! Now, why would he do that?

Something unusual had taken place: The people responsible for managing this employee's performance had, at last, leveled with him. Until this point, his case had followed the all-too-familiar pattern of *performance nonmanagement*. For years he had performed below-par work but had received ratings and other forms of feedback that hovered between superior and exceptional. For years, his supervisors had talked to each other about his weaknesses, but not to *him*. And, over the years as others in his peer group were promoted while he was left behind, the subterfuge became harder and harder to sustain. Finally, neither the employee nor those of us responsible for managing his performance could reconcile his high ratings with his lack of advancement. We conceded—at long last—that it had become necessary to provide him with a more accurate appraisal of his work. An immediate supervisor was assigned who could be frank but supportive and who could offer the guidance and training that might enhance the evaluator's performance. Discussions and trial performance periods ensued, until everyone agreed that a reduction in grade and an assignment to another type of job would be best not only for GAO but for the evaluator as well.

I am sure that, hearing this tale, many of you will nod in recognition. What is amazing is how common most of this story is to our experience as public sector

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managers—except for the decision to confront the problem. In most such cases, all three parties to the multiyear charade—the subordinate, the supervisor, and the agency—become trapped in a destructive pattern. What lies behind this “lose-lose-lose” scenario? How can we as supervisors and as agency managers avoid this kind of failure in human resource management? More positively stated: Are there ways to manage for maximum performance—even in the public sector?

THE BUSINESS OF ANY PROFESSIONAL ORGANIZATION IS ACCOMPLISHED THROUGH ITS PEOPLE. THIS MEANS THAT MANAGING PEOPLE IS THE MOST BASIC LINE MANAGEMENT SKILL.

Human resources management — the basic line management function

The business of any professional organization is accomplished through its *people*. This means that managing people is the most basic line management skill. It seems obvious. Yet in most agencies, ask for the “Human Resource Manager” and you will be sent not to a line manager, but to the staff person responsible for training and/or staff management. This may seem like a mere semantic distinction, but it’s far more important than that. For until we as line managers view our human resource management role as central to achieving our mission—rather than as a subordinate function to be pursued by staff specialists or by line managers only when adequate time happens to be available or when emergencies demand it—the “lose-lose-lose” scenario is likely to continue to dominate public sector performance management.

Of course, this issue is not unique to the public sector; it is a challenge to managers everywhere. Few of us enjoy confrontations over job performance or the headaches that come with facing up to difficult supervisory problems. But I believe that two elements peculiar to the public sector—the absence of profit incentives and the presence of highly structured civil service rights, procedures, and limitations—make it doubly difficult for us as government managers to see the benefit of concentrating on managing staff performance. Yet although it may be harder to succeed as a “people manager” in government than in business, it is no less important.

It may, in fact, be *more* important. In the private sector, a manager faced with a staff member performing below par can realistically consider terminating and replacing the employee. But civil service protections make this option far less feasible for the public sector manager. A supervisor generally *has* to improve the employee’s performance or endure a never-ending drain on agency resources.

As public sector managers, we cannot afford to concede defeat on this issue. Too much is at stake. First, our responsibility toward the taxpayer—who ultimately pays the bills—demands constant attention to improved performance. Second, while “bureaucrat bashing” seems to be less in vogue now than in the recent past, it is never far away. Third, if we take human resource management seriously—raising its priority and act on “people management” needs both at individual and agencywide levels—it can yield tremendous dividends for our staffs, our organization, and certainly ourselves.

Taking human resource management seriously means building and applying the formidable skills needed to manage performance well, not only in problem cases but across the board. And it means creating and nurturing an organization-wide program that encourages supervisory and managerial attention to performance—extending this emphasis to all phases of the organization’s program and policies. Almost every management course today teaches students to begin with the question, “What is our organization’s mission?” We must begin with the same question when we design a performance management program. By doing so, we tie the program to the line organization and its core responsibilities.

At GAO, for example, our principal mission is to assist the Congress by providing important information on government programs. This requires teamwork, high levels of performance reliability, and, increasingly, substantial experience and research sophistication. Staff salaries make up about 75 percent of the resources available to GAO to accomplish this mission. We know, then, that our personnel policies and programs will be a key to our success. Our performance management program must be designed to encourage career stability, skill growth, and responsiveness to customer needs.

THE TECHNICAL SKILLS NECESSARY TO SUCCESSFUL STAFF MANAGEMENT ARE NECESSARY BUT NOT SUFFICIENT — IT IS ALSO CRUCIAL FOR MANAGERS TO PAY MORE ATTENTION THAN THEY GENERALLY DO TO THE INTERPERSONAL ASPECTS OF THEIR SUPERVISORY ROLE.

In my opinion, such a program must work both at the organizational level and in the day-to-day interactions between supervisor and staff member:

- At the *organizational* level, policies, incentives, and systems all have to support high-quality performance as a clearly defined priority. Recruitment, working facilities, reward (and penalty) structures, training, career development, and even other agencywide function all must support performance management.
- At the *personal* level, supervisors must have the skills essential to observe, assess, communicate with, teach, coach, and ultimately help subordinates perform and develop to their fullest.

Something else is missing from much of the usual training in performance management: *the human element*. As supervisors, we are taught “the elements of human resource management,” such as setting expectations, monitoring progress, providing feedback, developing appraisals, and providing rewards and penalties. These are the *technical* skills necessary to successful staff management—necessary, that is, but not sufficient. I think we must pay more attention than we generally do to the personal and interpersonal aspects of our supervisory role. The supervisor who truly *cares* will not just give feedback, but will help the subordinate to learn. The supervisor who truly *listens* to the subordinate’s viewpoint—accommodating that viewpoint whenever possible—will better motivate the subordinate to improve performance.

I want to focus on a few of the nontechnical—the personal—elements I believe are so often omitted in more formal approaches to performance management. I believe, for instance, that when our staff member thanked us after being reassigned to a lower-level job, he was responding to the personal caring he experienced in his supervisor’s handling of his case. Personal considerations should play a role at both the supervisory and the organizational level. Let us turn to the supervisory level first.

TO IDENTIFY AND WORK ON AN EMPLOYEE’S SHORTCOMINGS NEED NOT BE A NEGATIVE EXPERIENCE. IN FACT, TEACHING THE SUBORDINATE BY SHARING IN HIS OR HER WORK CAN BE AN EFFECTIVE TRAINING METHOD AND AN EXCELLENT PERSONAL EXPERIENCE FOR SUPERVISOR AND SUBORDINATE ALIKE.

Be personal

We sometimes forget (or ignore) that our subordinates are people, with the same types of needs as we have for acceptance, career gratification, and self-esteem. To remember this is not just being considerate; indeed, unless we give great amounts of attention to what affects and motivates our subordinates, our actions are likely to become more impersonal and, ultimately, less effective. Simple things matter: plenty of eye contact and earnest responses to calls for help; job structuring and career planning assistance; a pat on the back or a simple “Well done!” and, certainly, expressions of honest disappointment when they are deserved.

In the public sector, direct expressions of a supervisor’s disappointment regarding a staff member’s performance are among the *most* valuable and *least* often delivered messages. It’s easy to say “Well done!” (although easy to forget), harder to say “you need to do better.” Yet it is the latter statement that will help and

empower the staff member to improve performance! It will convey a belief on the supervisor's part that the employee *can* do better. I believe it is a primary supervisory responsibility to work with subordinates on enhancing performance. A supervisor who declines to do this fails to fulfill his or her responsibility not only to the agency but as a professional manager.

To identify an employee's shortcomings and work on them need not be a negative experience. In fact, teaching the subordinate by sharing in his or her work can be a highly effective training method and an excellent personal experience for supervisor and subordinate alike. I remember an extremely bright policy analyst—we'll call her Jane—who was responsible for writing the regulations for a major federal-state program. Jane could think things through and describe with clarity the most complex of issues. But when it came time to write, her products were practically incomprehensible. The succession of awful drafts she would produce—

BENDING OVER BACKWARDS TO BE FAIR IS AN EFFECTIVE MANAGERIAL APPROACH. IT HELPS KEEP RELATIONSHIPS BETWEEN SUPERVISORS AND SUBORDINATES CONSTRUCTIVE AND TARGETED ON MISSION-RELATED PERFORMANCE.

each followed by her supervisor's critique and Jane's unsuccessful rewrite—were a torment for both of them. And that torment might have continued, except that in the case of one regulation the supervisor decided to try something different: They would try writing this regulation *together*.

They got out the pencils, scissors, and tape. Jane followed her supervisor through the organizing and writing process that the supervisor used in her own work, gradually getting more involved as the job progressed. By the time they were done, there were papers and scraps of papers all over the room. But the regulation they had worked on *together* was complete. Jane had learned an approach to writing that stayed with her and significantly improved her later work. And her supervisor had not only avoided weeks (if not months) of delays and painful reading experiences, but had developed a far better knowledge of the regulation and why it had been so difficult to write. Employee and supervisor alike had benefited from the experience. And they had become better friends.

Be fair

“**D**o unto others . . .” are words not often heard in our staff meetings. Yet as supervisors, we sometimes are quick to criticize others and slow to question our own role in causing milestones to be missed or quality to fall short of expectations.

We should ask more often “Did I play a part in this problem? Perhaps by my inability to supervise more closely at a critical moment? In some other way?”

Here, again, it isn’t simply a matter of being considerate; bending over backwards to be fair is also an effective managerial approach. It helps keep relationships between supervisors and subordinates constructive and targeted on mission-related performance. It helps retain the subordinate’s support.

An equally important part of good old-fashioned “fair play” is to talk *to* people rather than *about* them. I’ll concede that it is much harder to tell Jane that her draft needs extensive work than it is to complain to others about it. But in most cases direct communication better enables her to address the problem.

Be a good listener

I was once asked by a staff member to help him solve a tough problem that had arisen quite late in the assignment and quite by surprise. For 45 minutes, I gave only short, supportive, largely noncommittal responses as the employee talked through the alternatives. Finally, the employee announced that my “insights” had been “extremely helpful” and that the solution was now clear. He thanked me and left.

I like that story because it illustrates how helpful it can be to simply listen in a supportive way. It illustrates the fact that to be a good listener, you have to stop talking—at least for a while. There is a premise in counseling that the problem presented (that is, the issue people start with as their defined problem) is seldom the “real” problem. Therefore, we do well as supervisors to listen carefully and try to understand the underlying issue or concern. I find this kind of “active listening” to be surprisingly hard work. It is, I think, a grossly undervalued skill.²

Active listening is particularly vital to successful performance counseling. What is the staff member really telling us about his or her difficulties or successes? Would more course work help? More experience? Clearer expectations? Listen well and we may get some answers.

Look for a job-capability match

An agency’s needs will be best served if staff members’ assignments are matched with their particular strengths and weaknesses. Yet, supervisors too often belabor performance inadequacies in a particular job category instead of looking for “a better match.” The person who cannot write a report may be an excellent planner. The staffer with poor interpersonal skills may be an excellent researcher. When a supervisor “forgets” to carefully assess the employee’s strengths and map them against job needs throughout the organization (and even outside it), he or she transforms a situation with various possible solutions into a potentially frustrating test of the employee’s performance in the one position.

I will bring up that evaluator of ours just one more time. It may be tempting to say, “Easy for you to count his transfer as a success; you weren’t the one getting transferred.” But I relate the incident because it demonstrates that the person and

the job must fit properly. The job of evaluator didn't fit this person. His new assignment did. He was reassigned from a job in which his stress was high and his performance was low, to one in which he not only could perform well but could also gain the gratification that goes with performing well. With him in his old job, GAO had a problem. With him in his new job, GAO had an asset: a clear win-win-win outcome.

Agency management's role

At this point, some of you may well be asking: "Who's he kidding, claiming that it's possible in the public sector to manage for performance successfully?" After all, we know the civil service system and top-level agency management seldom *really* support supervisory quests for better performance. Certainly not with policy and action. Sure, we are implored to set high standards and hold staff accountable. But much of the present government personnel system is skewed against the mid-level supervisor who takes these exhortations seriously. Much time is spent defending job actions with no—or at best, modest—effect. Agency attorneys or personnelists point out the dozens of precedents in which poorer performers fared well. They want voluminous written records of expectations and interactions; of counseling and training; of coaching; and of second, third, and fourth chances.

THE SUPERVISOR CANNOT COMMUNICATE A "YES YOU CAN" ATTITUDE ALONE; HE OR SHE MUST BE SUPPORTED BY AGENCY MANAGEMENT. ALL THE AGENCY'S PROGRAMS AND DISCRETION MUST BE USED TO PROMOTE HIGH PERFORMANCE.

I think this argument misses a main point of human resource management which is that people simply perform better when we expect them to and help them to meet our (and eventually their) higher expectations. In most cases, people can do better—and do—with supportive supervision and high expectations. I believe that good supervisor/subordinate relationships are comparable to good teacher/student relationships: Research indicates that a teacher's expectations for a student are "contagious." The phenomenon even has a name: "The Pygmalion Effect." The student does better when the teacher thinks he or she can.

But the supervisor cannot fully communicate this "Yes You Can!" attitude alone; he or she must be supported by agency policy and management. All the

agency's programs and discretion must be used to promote high performance. This organizational component is the essential second level in a successful performance management initiative.

“Yes You Can!” empowerment

You can do better, I know you can!” Which one of us wouldn't respond better to this than to a list of our weaknesses and shortcomings? An organization must communicate to its employees that it expects the best of them; that it will accept no less. But it must also let them know that it has little doubt they can meet that expectation. It may take more training, much practice, more help, and better tools or facilities—but the agency must be prepared to provide what is needed.

This is not a new or unique concept. Programs abound with buttons and banners to motivate staff: “Quality is Job One.” “Zero Defects.” “Employee of the Month.” At GAO we are using “Yes We Can” buttons to help enhance support services. But these will be meaningless if management does not provide the resources and actions necessary to support the speeches and banners. Here, again, we public sector managers face a far greater challenge than our counterparts in the business world. In the political fishbowl, it is simply less risky to support personnel needs “on the cheap.” But “on the cheap” is no way to build a first-class organization.

“People costs” are investments, not expenses

There is an analogy here to America's crumbling infrastructure. Some of our mightiest bridges are crumbling for lack of necessary maintenance along the way. Other municipal and national capital resources receive less support, year by year, than they should because elected officials have understandable fears regarding the impact of necessary capital expenditures on their budgets. The costs exist now, but the benefits may not be apparent for many years. One must question whether investments in such long-term needs should be considered expenses when spent—as they are now in the federal budget—or rather as *investments* to be amortized over the years during which they will provide benefits. There are, in fact, proposals to consider creating in the federal budget a capability to amortize such capital investments.

Similarly, we should consider the important investments agencies make in people—most notably in training—as expenditures that will yield benefits in subsequent years. We should see them as investments that can appreciate and pay performance-related benefits, rather than as “overhead costs” to be held down. Perhaps there ought to be a separate category for “investment overhead” in our budgets and management information systems. If there were, managers could see more clearly the very real costs and benefits associated with different types of expenditures and economies.

Supporting top quality as an agency priority

To get top performance, agency management must establish as high priorities first-class, top-quality recruitment; career development; training; tools; facilities; and personnel management and reward practices. All these reinforce a consistent message: Our people are our key asset, and we are willing to invest in them.

Consider work facilities. One often encounters government staff at work facilities that clearly send the message “Nothing is too cheap for government!” Yet the environment in which people work inevitably affects their attitudes toward their jobs and, ultimately, their performance. As we at GAO upgrade our headquarters and field facilities, we are learning how profoundly such improvements can affect morale and motivation. When management invests in better facilities, staff infer that management considers them professionals. Pride blossoms and dedication to the organization deepens. I was repeatedly reminded of this during a recent visit to a newly opened, upgraded GAO field office. “I want to thank you for the new facility,” one 25-year veteran said. “Some of us went out and bought new suits to wear to work.” Another evaluator commented on the steady stream of family members and children being shown the new offices by long-time employees with obviously newfound pride.

Enhancing facilities, of course, is only one of many areas in which management must make a commitment to support and promote high quality. Much could be written about others, such as training opportunities and recruitment strategies. None is more fundamental, however, in its effect on both employee performance and supervisory practices, than the agency’s personnel compensation and rewards system.

Rewarding performance

The General Schedule (GS) system of salaries under which much of the federal government operates was designed to meet the needs of highly structured bureaucracies, not those of professional organizations operating in team configurations. The GS system rewards longevity far more than performance. Ask any supervisor who has tried either to withhold a within-grade increase or to move a sterling performer along much faster than the norm. Today, various tests are underway within government of systems that more directly relate bonuses and salary increases to performance. But here again, most government organizations try to get the job done “on the cheap.” Not surprisingly, when the available dollar amounts are too low to provide meaningful incentives, and when increases for some employees must be offset by decreases for others, the impact of incentive-based performance systems is mixed.

For most federal managers, little can be done to alter at any basic level the present GS system. But even within this system, enhanced rewards and structures can be designed, providing some meaningful difference in rewards to the high performer. The more these rewards are tied directly into supervisors’ performance appraisals, the more they will support and reinforce the key role of the supervisor in performance management.

This is a key point, one worth dwelling on. When there is little relationship between performance appraisals and any meaningful system of penalties and rewards—as is too often the case in government—the appraisal seldom has much meaningful, material effect on the employee. What incentive, then, is there for the supervisor to be honest in the appraisal? Instead, a more comfortable accommodation usually results: a pleasant, inflated rating delivered by a supervisor taking the “path of least resistance” to a subordinate who may never learn of any relative weaknesses in his or her performance.

A performance-based pay system can reverse these behavior patterns. As a legislative branch agency, GAO is fortunate to be operating under a unique personnel authority that permitted it to recently adopt a performance-based pay and bonus system. For the first time, the performance appraisal *really* matters, and I think supervisors and subordinates at GAO are showing every sign of taking their appraisal and performance responsibilities very seriously. The rationale behind pay-for-performance is not to penalize the average performer or even the marginal performer; nor is it merely to reward superior performance. What we hope to see are truly meaningful exchanges between supervisors and subordinates over performance and expectations—more accurate ratings, more constructive counseling—which, in turn, will lead to enhanced performance, as well as better rewards.

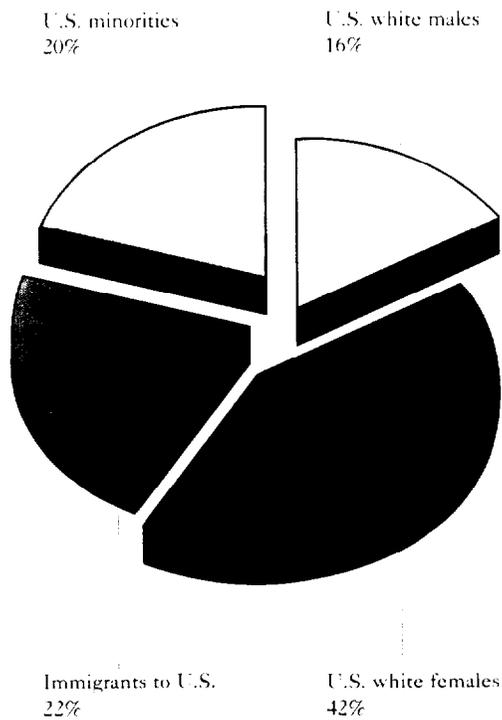
BY THE YEAR 2000, OVER 80 PERCENT OF ALL NEW ENTRANTS INTO THE LABOR FORCE WILL BE WOMEN, MINORITIES, AND IMMIGRANTS. THIS INCREASING DIVERSITY WILL MAKE COMMUNICATION BETWEEN SUPERVISORS AND SUBORDINATES MORE IMPORTANT THAN EVER.

Looking toward future increases in diversity

There is progress to be made, then, at both the personal and organizational levels. But, as one looks to the future, it becomes clear that human resource management skills will become simultaneously more essential and more difficult to apply. The traditional model—one growing out of a more homogeneous, largely white male work force—upon which professional organizations’ performance and supervisory norms have been developed in America will continue to change dramatically. As this occurs, supervisors will increasingly face the challenge of relating to staff from very diverse backgrounds. People from differing backgrounds often communicate, behave, and respond differently. As managers and supervisors, we must be able to accept differences in style, focusing instead on the results achieved. The ability to do this will be essential to getting the job done well.

By the year 2000, over 80 percent of all new entrants into the labor force will be

Figure 1
GROWTH OF THE
U.S. LABOR FORCE: 1985 TO 2000



Source: Hudson Institute, *Workforce 2000*.

women, minorities, and immigrants. [See figure 1.] The age profile will also be changing, as the median age of the U.S. work force rises from about 35 years to almost 40. These and other cultural and age differences will make communication more difficult: People who have less in common can experience heightened anxiety toward each other. Feedback can become more difficult. But even as the work force becomes more diverse, the workplace itself will demand greater skills and increasing specialization. Communication between supervisors and subordinates will be more important than ever.

In this future environment, it will be even more vital that as supervisors and managers we develop the skills to relate personally to staff regarding performance issues. Supervisory training will need to target more than just the important technical management areas, such as setting expectations and developing accurate appraisals. It will need to better encompass the one-on-one skills that help supervisors relate to subordinates as people. Earlier we discussed four of these: being personal, being fair, being a good listener, and considering job match in tandem with performance issues. There are no doubt many others.

Overall, the objective must be to establish a balanced relationship among the organization, its managers and supervisors, and staff. Employees generally wish to be accepted and valued by the organization and to obtain career gratification. Increasingly, supervisors will have to accommodate these needs in their performance management practices and acquire the interpersonal skills and sensitivities necessary to meet them.

Supervisors who do this well will have more satisfied—and more highly motivated—subordinates. When this is part of an organizationwide program in support of first-class “people management,” agency performance can be enhanced—even in the face of the special problems and limitations of managing in the public sector. •

1. “Evaluator” is the professional title of an employee who performs GAO’s basic audit and evaluation work on federal programs. Of our approximately 5,000 employees, some 3,000 are evaluators.

2. There are courses available on refined listening skills as well as considerable writing on the subject by Carl Rogers and others. Rogers writes that “real communication occurs . . . when we listen with understanding. . . . It means to see the expressed idea and attitude from the other person’s point of view, to sense how it feels to him, to achieve his frame of reference in regard to the thing he is talking about.” This “empathetic understanding,” as he calls it, means “understanding *with* a person, not *about* him,” and “is such an effective approach that it can bring about major changes” in people. See Carl R. Rogers, *On Becoming a Person* (Boston: Houghton Mifflin Company, 1961), pp. 331-332.



AGING AND OPTIONS

Michael E. Borus, Herbert S. Parnes, Steven H. Sandell, and Bert Beidman, editors

THE OLDER WORKER

Madison, Wisconsin: Industrial Relations Research Association, 1988. 227 pp.

By Eleanor Liebman Johnson

"Men past 40 are comparatively useless and those past 60 are absolutely useless." So observed Sir William Osler, a Canadian physician, at the beginning of this century, voicing an opinion apparently shared by both Theodore and, eventually, Franklin Roosevelt. This view of diminished physical and intellectual functioning after the middle years, together with major difficulties experienced by many of the elderly during the 1930s—unemployment, chronic illness, and lack of ready access to medical care—paved the way for major federal policies aimed at the older worker. These include Social Security, Supplemental Security Income, Medicare, Medicaid, and the Age Discrimination in Employment Act.

The situation America now faces is entirely different from that of the 1930s. As the baby-boom generation ages and as life expectancy continues to rise, there will be not only a shortage of workers but also a growing burden on those workers, who will be called upon to support the burgeoning pop-

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ulation over 65. Moreover, even though general conditions for most workers have improved, many of them—particularly minority group members, women, and those with health problems—must cope with unstable employment opportunities and jobs that are menial and low-wage. And there is ample evidence that some employers still discriminate against older workers—that is, those over 40.

The Older Worker presents an enlightening collection of experts' views on the major policy and research issues in this area. Although the authors deal with some highly technical points, the volume is written for a broad audience. Particularly useful is the "Introduction and Overview," which puts the individual articles in context, relates them to each other, and provides some perspective with which to read the more detailed discussions.

The individual articles in the book cover a lot of ground: "Employment, Earnings, and Unemployment Characteristics of Older Workers"; "Special Problems of Older Women Workers"; "Functioning Ability and Job Performance as Workers Age"; "The Retirement Decision"; "Pensions and Older Workers"; "Managing an Older Work Force"; "Organized Labor and the Retired Worker"; "Older Workers and the Labor Movement"; and "Public Policies and Programs Affecting Older Workers." What this list of article titles does *not* convey is the handful of themes that run through this collection. For example:

- Any stereotype of "the older worker" is misleading. Among those who fall into this category, there are broad differences in health, physical and cognitive capabilities, education, job status, and experience. If one makes further distinctions by race, gender, and educational attainment, these subcategories are less heterogeneous than the "older worker" group, but they are certainly not homogeneous.
- As a group, older workers fare at least as well as younger workers. But certain older workers—women, racial and ethnic minorities, and those in poor health—are at a significant disadvantage in the labor market. Further research and policy changes need to address the problems of these particular groups.
- Because the work force will be shrinking while the burden of supporting America's retired senior citizens grows, our society has an interest in promoting increased work opportunities for older persons and in eliminating disincentives for continued employment. But the extent to which these

changes can occur is unclear. For example, even if age discrimination were eliminated, elderly workers would still face such problems as poor health or inadequate education and training.

- Well-targeted policies must be formulated within a broad social context. For example, the media have focused on the increasing burden placed on younger workers by the growing army of retirees. If everything else in society had stayed the same, this elderly dependency ratio—the number of elderly being supported by one worker—might be a cause for great concern. But the burden on each worker is not caused just by the elderly, but by *all* the members of society who are being supported—that is, the total dependency ratio. This casts the situation in a different light. Despite the growing number of retirees, each worker will support fewer people than expected because of a decrease in child and female dependency brought about by lower birth rates and increasing numbers of women in the work force.

- Finally, public policies need to be assessed in terms of both direct and indirect effects and of interactions among policies and programs. Because public policies spring from so many sources—on the federal level alone there are more than 50 pieces of legislation affecting the elderly—the potential for unforeseen effects is enormous. A few examples clearly illustrate the problem. The 1978 Amendments to the Age Discrimination in Employment Act spurred some employers to develop more part-time programs for older workers, while the Social Security earnings test (1986) and provisions in the Employee Retirement Income Security Act limited the number of hours that some older workers could put in without negative consequences either to themselves or to their employers. Likewise, the Tax Equity and Fiscal Responsibility Act of 1982, which limits Medicare coverage for employed persons over 65, has saved the government money but has also created economic disincentives for employing people over 65.

Unfortunately, Sir William's rule of thumb holds all too true: Anyone over 40 is still considered an "older worker," and people in that category find that employment opportunities are limited and that age discrimination is a fact of life. In the future, however, changing demographics will give employers strong economic reasons to court these older workers. The authors represented in this volume conclude that the primary

objective of social policy should be to preserve and broaden individual options. To benefit the older worker, social policies should encourage the maintenance of high levels of overall employment, continued efforts to eliminate age discrimination, and intelligent placement policies by employers so that the physical capabilities of older workers can be used optimally. As one studies the most recent administration initiatives regarding these issues (such as the Secretary of Labor's *Older Worker Task Force: Key Policy Issues for the Future*), *The Older Worker* can provide a context in which to assess the various proposals.



STRATEGIZERS

Philip B. Heymann

THE POLITICS OF PUBLIC MANAGEMENT

New Haven, Connecticut: Yale University Press, 1987.
196 pp.

By Earl F. Walter

Over the past six years, GAO has conducted a series of general management reviews of federal departments and major agencies. Although these reviews have considered the policy environment and organizational traditions in which agencies operate, they have concentrated on the agencies'

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management processes and systems. Frequently, GAO has found that agencies pay insufficient attention to planning for future needs, developing an effective work force, and maintaining management systems that provide decisionmakers with necessary information.

Philip Heymann's *The Politics of Public Management* provides a useful complement to GAO's general management reviews, since it provides insights into how the political environment affects agency operations. A professor at the Harvard Law School and the John F. Kennedy School of Government, Heymann illustrates his points with selected Kennedy School cases. His past experience in government, including service as Assistant Attorney General for the Criminal Division during the Carter administration, also gives him a practical understanding of public management issues.

Heymann considers two models of executive branch management. According to one, the President as chief executive sets policies and oversees the performance of the agencies; the second model depicts each agency executive, not the President, as responsible for formulating a coherent strategy to guide agency operations. Heymann accepts both models as potentially valid, but concludes that most matters handled by the federal government do not bear directly on the President's major programs, the demands of the electorate, or his needs for legislative support; as a result, the President takes a limited part in managing the agencies. Accordingly, Heymann pursues the second of his two models and explores the responsibilities of agency executives.

Heymann focuses on the strategic management role of the agency head. An agency's top executive is responsible for choosing an agency-wide plan of action and development. This plan must satisfy presidential and congressional demands and also be marketable to the range of groups, including interest groups and other federal agencies, that have some say in the future of the organization.

A critical aspect of the manager's responsibility, according to Heymann, is to maintain the health of the organization by seeing that it adjusts to new political demands. An organization must be able to discharge its present responsibilities and take on new ones considered important by powerful political figures or institutions—and it needs to have the *reputation* of being able to do these things well. Heymann's concern with capability is in line

with GAO's: Years of audits have persuaded GAO that the capabilities of major government agencies are declining.

As another crucial part of any organizational strategy, Heymann feels, the manager must identify those points at which the agency is vulnerable to public attack and must be prepared to deal with events that may expose these vulnerabilities and with outsiders' perceptions of these events. An organization's external support depends greatly upon its internal management capabilities. When an agency's internal management processes break down, the agency becomes vulnerable to attack from outside. Witness the Internal Revenue Service's experience after the disastrous 1985 tax filing season and the problems now faced by the Department of Housing and Urban Development.

At the same time, according to Heymann, it is difficult to implement effective internal management without adequate external support. The Congress and the White House must be willing, at the very least, to grant the manager control over most important organizational decisions. This control is more likely to be given if the manager is running the organization successfully and thereby denying opponents the opportunity to confirm or exploit the public's suspicions about the federal government in general. In Heymann's view, then, competence ensures the manager greater freedom to manage. Conversely, the price of appearing biased, wasteful, or indifferent to one's responsibilities is more rigorous oversight.

In addition to covering these issues in a readable and interesting fashion, Heymann's volume also sparks consideration of some tough questions about improving federal management. For example, how can multiyear efforts to reform federal management be sustained when politically appointed executives rotate in and out of office as rapidly as they do? How does one convince political executives to concentrate on internal management when time limitations and the political rewards system encourage them to focus on policy and political issues? And if attention is not given to improving the agencies' capacity to manage themselves, how will the agencies be able to fend off attempts at "micromanagement" by the Congress and the Office of Management and Budget? These are issues that Heymann does not specifically cover but that GAO and others concerned with good government management must continue to address.



HIGH FLIERS

R. E. G. Davies

AIRLINES OF THE UNITED STATES SINCE 1914

Washington, D.C.: Smithsonian Institution Press, 1988.
678 pp.

By Robert Goldenkoff

Seventy-five years have passed since the first scheduled air service began in the United States: a single-passenger biplane crossing Tampa Bay on behalf of the St. Petersburg-Tampa Airboat Line. Plenty has happened since.

R. E. G. Davies, who holds the Charles A. Lindbergh Chair of Aerospace History at the National Air and Space Museum, has chronicled the rise of the U.S. airline industry in his comprehensive *Airlines of the United States Since 1914*. This is a book for enthusiasts—with more detail than the casual reader will probably need or desire—but it may be the definitive history of how the world's leading air transport system came to be.

In the years following World War I, Davies points out, there was little demand for such a system. Urban centers already were connected by an efficient rail network. The airplane's average speed, adjusting for stops along the way, was about

75 miles an hour, barely faster than express rail service. Moreover, "the prospect of a noisy ride in an open cockpit held little appeal compared with the luxury of the Pullman car."

But in the mid-1920s, Davies explains, some timely government intervention gave a lift to air transport. The Contract Air Mail Act of 1925 transferred the carriage of air mail from the Post Office to private operators under a competitive bidding system. As a result, an airline industry that had stagnated because of its inability to carry passengers profitably could now make money carrying the mail. The act's impact was dramatic; by 1927, 12 new airlines had come into being, 10 of which—such as Northwest, Pan American, and United—eventually became major trunk carriers.

The possibility of profits led to advances in technology and a new group of aviation pioneers. Davies cites such developments as navigation beacons that made night-time flying possible; the Ford Tri-Motor, the first commercial aircraft capable of carrying a reasonable number of passengers; and the phenomenon of Charles Lindbergh, whose solo trans-Atlantic flight made the public more air-minded.

Throughout the book, Davies does a fine job of describing not only the technical aspects of individual aircraft, such as the Boeing 247-D, the Douglas DC-3, and the Boeing 707, but the impact of each aircraft on the industry. Separate chapters are devoted to helicopter services, all-cargo lines, commuters, regionals, charters, and air taxis. A section on the pioneers of air transport—men such as Eastern's Eddie Rickenbacker, Pan American's Juan Trippe, and TWA's Howard Hughes—adds color to the more technical chapters that precede it. Graphics help, too: The text contains scores of photographs, 29 maps and charts, and 27 tables.

There is a problem with those tables, though. *Airlines of the United States Since 1914* was originally published in 1972 and reprinted last year because of popular demand. But the author failed to update any of his tables; the most recent data they contain are nearly 20 years old.

About the only significant addition under the new printing is a brief essay on deregulation. It certainly lacks the detail of Davies' earlier description of the evolution of airline regulation. The earlier account relates, in fine detail, the political, economic, and safety considerations that led to the creation first of the Civil Aeronautics Board and then the Federal Aviation Administration. The

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newer section is skimpy by comparison. Curiously, Davies fails to discuss the new management practices of the airlines under deregulation—practices that are often blamed for the concentration of the industry: computerized reservation systems, yield management, frequent flier programs, and hub-and-spoke networks. Likewise, he ignores the factors that have created operational problems, such as noise and slot controls.

Despite these shortcomings, *Airlines of the United States Since 1914* is a thoroughly researched work and a very readable history of the people, the planes, and the politics that brought the U.S. airline industry to the forefront of world aviation.



AT HOME IN AMERICA

Irving Welfeld

WHERE WE LIVE: A SOCIAL HISTORY OF AMERICAN HOUSING

New York: Simon and Schuster, 1988. 319 pp.

By Janet L. Mascia

"How Goodly Are Thy . . . Dwelling Places! O America" is the title of Irving Welfeld's introduction to *Where We Live*. But the same words really sum up the entire book. Welfeld, an attorney and

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policy analyst for the Department of Housing and Urban Development (HUD), provides historical, sociological, political, and economic lessons about the American housing system from its infancy to the present, focusing on those who build and rent and those who regulate. Those who build and rent draw accolades for their efforts, the successes of which "have outstripped the projections of even the cockeyed optimist." Those who regulate (i.e., the feds) receive extensive criticism for the failure of their policies and programs to help house the poor. To his credit, Welfeld goes beyond criticizing federal efforts to offering some alternative plans.

Welfeld begins *Where We Live* by describing his boyhood home in Brooklyn: "The family, consisting of two parents, a girl, and two boys, lived in a three-and-a-half room apartment above the store. When it was time for bed, my sister would roll her roll-away into the living room. The boys would retire to their large sixty-square-foot closet." Today, the mother is a great-grandmother who lives in an apartment "high in the sky." Her daughter lives in a house that "has more bedrooms than she can use." The older son lives with his own three sons in a five-bedroom house. His brother's home has fewer bedrooms, "but he does have a swimming pool."

For Welfeld, this is a "not untypical tale" of America's success in housing its people. Welfeld does not believe there is really a housing shortage—only local shortages—or that housing costs have sailed out of the reach of middle-class Americans. He points out that average first-year housing costs as a percentage of income have been dropping since 1965, and that homes are now bigger, better, and more luxurious. There are 20 million more homeowners today than there were housing units in 1940, with 65 percent of American households now living in single, detached dwellings.

Since 1940, the number of homes and apartments has tripled to more than 100 million with no sacrifice in quality. In 1939, Welfeld notes, half the nation's housing units had serious plumbing deficiencies or needed major repair; today, "The key question about bathrooms . . . is not whether but how many, and do they have a telephone."

Yet, despite the rosy picture Welfeld develops through most of *Where We Live*, he does concede a number of problems, particularly in housing the poor. He believes, for example, that through the perversion of HUD's programs, public housing has become costly to maintain and too expensive to

build anew. He proposes that the government concentrate on subsidizing small, private landlords to better enable them to house low-income tenants, rather than continuing to play landlord and building manager itself. He also believes that rental subsidies should be auctioned off to developers as enticements to build more low-income housing. And he further proposes something that might be called "housing redistribution": a "condominium subsidy" that would encourage older Americans who are now inhabiting more house than they can use to move out and allow younger families to move in.

Welfeld employs an almost never-ending string of facts and figures to support his cheerful view of "the course of American housing." Whether or not the reader agrees with his interpretation of the data, *Where We Live* is a very appealing book. Welfeld's overview of the American housing scene is expansive, amusing, and easy to read, punctuated with anecdotes and quotations drawn from sources as varied as the Bible and Carl Jung. Moreover, his proposals involving federal housing practices are bound to stimulate thought. But for all his creative attention to HUD's policies and programs, he never tackles what many consider the nation's most pressing housing problem: homelessness and its direct link to the lack of affordable housing in many areas. For this reason, Welfeld's book seems incomplete, if not altogether remiss, in overlooking the cloud that looms over his otherwise bright and sunny landscape.



CLEAN-UP CREW

Murray Weidenbaum

RENDEZVOUS WITH REALITY: THE AMERICAN ECONOMY AFTER REAGAN

New York: Basic Books, 1988. 313 pp.

By Allan I. Mendelowitz

Here is a book by a White House insider that tells no tales out of school and violates no trust. Instead, what Murray Weidenbaum offers is a powerful critique of government policy during the Reagan years, told from the perspective of Reagan's first Chairman of the Council of Economic Advisors. To that he adds his own prescriptions for the future.

The administration's major failure, Weidenbaum says, was to begin a string of unprecedented budget deficits and to fail to curb government spending. He says that the idea of trying to increase government revenues by cutting taxes was "wishful thinking," and corrects the notion that

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Reagan reduced the size of government; what he did, in fact, was shift spending priorities. Despite the President's calls for a constitutional amendment to balance the budget, Weidenbaum says, reducing taxes meant more to Reagan than balancing the budget.

Weidenbaum is also sharply critical of the Reagan defense buildup, which he calls a costly mistake. "Indiscriminately buying everything in sight" is the way he puts it, arguing that "Spending more money for a high-priority national purpose does not guarantee success."

Weidenbaum devotes a large portion of *Rendezvous with Reality* to the difficult but unavoidable public policy choices facing President Bush and the new Congress. He has strong views on all of them. For instance, he says that spending cannot be increased while taxes are cut. He argues that there are more weapon systems on order than there is money to pay for them: some must be scrapped. He says the crisis in education is so fundamental that we cannot be distracted by peripheral issues such as prayer in schools. For the problems with which we now must come to terms, he blames the Reagan administration. He says ". . . then the bills are coming due. Citizens concerned with the future of America must take on a role akin to that of the cleanup crew the morning after the big blast."

As he lays out his prescriptions for the nation's public policy ills, Weidenbaum brings to bear his years of experience in government, the corporate world, and academia. So varied a background leads him never to undervalue efficiency, equity, and political feasibility. I found many of his solutions convincing, some less so.

At the heart of his book is the case for reducing budget deficits and federal expenditures. Every segment of the budget, he says, offers opportunities to save money. On defense, he calls himself a "cheap hawk," one who has concluded that the only way to reduce acquisition expenditures is to identify and cancel unnecessary weapon systems. Such decisions, of course, will be difficult to reach: Canceling systems means that people lose jobs and communities lose income.

The environment, Weidenbaum says, is

"another . . . example of the failure of Americans to make tough choices . . ." Environmental ills, he argues, cannot be solved simply by passing laws that mandate an end to pollution. In place of a system in which resources are spread thin in an attempt to clean up pollution from all sources, Weidenbaum proposes an incentive-based system to get more pollution abatement for the money spent. Under one proposal, the government would establish an amount of permissible pollution and then sell the right to create it—in effect, an auction. Distasteful as this may sound to some, the proposal offers society a measure of efficiency in protecting the environment: Those polluters who could clean up their emissions at low cost would do so, while those for whom it would be very expensive would have to bid high—and therefore reimburse the government—for the privilege of continuing to pollute.

Weidenbaum is nothing if not wide-ranging. He proposes reforms to the Social Security system—despite phone calls from his father asking him why "you Republicans" are always trying to take away his Social Security check. The son, however, would treat current retirees, middle-aged workers, and people just entering the labor force in different ways. Considering how many current retirees or people who are about to retire factored Social Security into their retirement plans, Weidenbaum says, to change the rules this late in the game would be unfair.

While Murray Weidenbaum would like to see a smaller government, he is not antagonistic toward government as such, nor does he take cheap shots at the civil service. In fact, he says, ". . . it is vital that government perform well the tasks that society assigns it. . . . public policy will not benefit from continued attacks on the integrity and industriousness of government employees. . . . most civil servants are as honest and dedicated and competent as their private-sector counterparts."

Throughout *Rendezvous with Reality*, I was struck by the author's ability to take a disinterested, nonpartisan look at public policy. His lack of bias in discussing problems left behind by an administration of which he was a part is admirable, and his book worth reading. •

TO THE EDITOR:

Although it said many complimentary things, we wish to respond to some observations in Donald Snyder's review of our book, *Social Security: The System That Works* [*The GAO Journal*, Number 5, Spring 1989, p. 50], because more people read reviews than the book reviewed.

He says, "It would have been a service to the reader to have clarified that the trust fund money [in the reserves] will have to be paid back to the Social Security program. . . ." Agreed. The book does discuss just that in several places (pp. 85-86) and includes the observation that "it is income tax revenues that will be used to repay the bonds in the large reserves as they become due." (p. 87)

He finds fault that "The authors do not sufficiently emphasize that the Social Security tax is . . . regressive . . . and . . . falls hardest on small businesses. . . ." The book does not say that for good reason. As one caption declares, "Earned

Income Credit Makes Payroll Tax More Progressive," and so does the weighting of the benefit formula in favor of the low-paid. The book also argues Social Security's major role in reducing poverty (p. 208), a point verified by the Census study published in December 1988 that such transfer payments do more for reducing income inequality than any other program, including the progressive income tax.

As for the claimed burden on business, the book observes: "Most economists regard employer contributions [to FICA] as employment costs that otherwise would go to employees as cash pay or other benefits." (pp. 16-17) In other words, they are not a net addition to the costs of employers, small or otherwise.

Of course, we understand the space limits under which reviewers work. So do authors who seek to explore the issues and relevant data about Social Security, its supplements, and what some propose in substitution—all in under 300 pages.

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