

MOVEMENT TOWARD CHANGE IN GOVERNMENT

NEW ENVIRONMENT FOR TRANSPORTATION AGENCIES

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This article, adapted from a speech given by Mary Lynn Tischer at the Transportation Research Board Joint Summer Meeting of the Planning, Economics, Finance, and Management Committees in July 1995, offers insight into how state departments of transportation are coping with changes in public attitudes toward government.

I am from the government and I am here to help. We have all heard that line and the chuckles it evokes in every crowd. The citizen view of bureaucratic ineptitude is humorous to all except those of us who work in government and confront this public mistrust every day: we are considered lazy, presumably gleeful about making citizens' lives difficult with rolls and rolls of red tape, and far too incompetent ever to get jobs in the private sector. Time and time again, government employees struggle to demonstrate that these perceptions are incorrect and to restore public confidence in government.

Ironically, 100 years ago the term *bureaucracy* had a positive connotation. It referred to a rational, efficient method of organization—an alternative to the arbitrary exercise of power and the rule of patronage. Bureaucracy created order by establishing procedures which, if followed, would result in specific outcomes. Because the requirements applied to every citizen, fairness and equity prevailed. For a long time the bureaucratic model of government worked, not because it was necessarily the most efficient system but because it was better than the alternative at the time.

In the eyes of the contemporary American public, however, *bureaucracy* is no longer an appropriate model for governmental activities. All levels of government—local, state, and federal—are beginning to develop different kinds of public institutions to respond to the new environment.

From the Republican Contract with America to President Clinton's National Performance Review, the new models claim to invent a government that puts people first by delegating authority, replacing rules and regulations with incentives, developing budgets based on results, opening up government operations to competition, searching for market-oriented instead of administrative solutions, and measuring success in terms of customer satisfaction. These ideas comprise a reform agenda that is sometimes described as the "new public management," which is being implemented by many public agencies. State departments of transportation are among those responding to these demands for reform.

CITIZEN PERCEPTIONS OF GOVERNMENT

Those of us in transportation agencies today are asked to provide services to a citizenry that is skeptical of our ability to render any service adequately. In short, the United States is facing a crisis of confidence in government. Since the societal upheaval of the 1960s, Watergate, and the tax revolution that swept the country in 1978, citizens have become more and more cynical about the ability of government to solve problems. By the late 1980s only 5 percent of Americans surveyed said they would choose government service as their preferred career choice. Approximately 75 percent say they almost never or only seldom trust the government in Washington, D.C. One aspect of that cynicism is a

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belief in the ineffectiveness of government spending. Nearly three out of four Americans believe the federal government delivers less value for the dollar than it did 10 years ago.

Since the Republican landslide in 1994, commentators have talked about the "revolution" the nation faced. That election is viewed as something new because it was not only a pocketbook revolt: the public outcry in 1994 did not focus on taxes taking an enormous bite out of incomes. Nor was it brought on by a divisive issue such as Vietnam or a political scandal such as Watergate. Instead it represented a referendum on government itself. As citizen confidence in government has fallen, politicians have focused debate on the same old options without seeming to address the problems. Meanwhile the status quo costs more each year. Citizens, tired of listening to the same old refrains, are willing to vote for almost anyone who represents the prospect of change. Because the current policies and programs are perceived as dysfunctional, change for its own sake is the new leadership.

During the past 25 years public views of the role of government and the ability of the public sector to solve the problems of society have changed. This did not occur because of a change in the prevailing political ideology (although it can be argued that this has also shifted) but as part of a larger change in citizen perceptions of society in general. In the post-Vietnam, post-Watergate era, cynicism has replaced innocence. The media inundates citizens with information about the newest procurement scandals and congressional gridlock, and portrays politicians as players interested only in raising money for reelection. The cynicism results in demands for increased efficiency and reduction of the size and influence of government. The belief that we need government to supply services has been replaced with the idea that government is too cumbersome and mechanistic to provide such services. Government is seen as having too many constituencies, with each program attempting to meet too many different and often conflicting goals. Most of the public believes that once-simple programs have become so complex that no one even remembers

their intended purposes. The appropriate role of government is increasingly seen as one of policy and oversight, not the delivery of services.

WHAT IS GOVERNMENT DOING TO CHANGE?

The public is calling for a change in the basic responsibilities of government, especially at the federal level. In response governments are examining the roles they play to determine whether activities could be better accomplished at another level of government, and whether these activities need to be accomplished at all. Layers of bureaucracy are being removed to put staff at the front lines in closer contact with upper management. Personnel, procurement, and budget systems are being changed so that hiring, purchasing, and spending are not filtered through myriad layers of management or subverted by reams of rules. Regulations are

being reexamined and rolled back to better serve citizens. The government that can do the best job is increasingly viewed as the government that is closest to citizens; changing the locus of authority is considered a necessary precursor to other structural changes.

The American Association of State Highway and Transportation Officials has produced several working papers, one of which outlines the appropriate role of the federal government in providing transportation; a role that is much reduced from the current level. The proposals of the Clinton administration recognize that the federal government must scale back its level of involvement in transportation decision making. The discussions that have already begun around reauthorization of the Intermodal Surface Transportation Efficiency Act in 1997 have highlighted the role of federal government as a key issue.

DEVOLUTION OF AUTHORITY

Among the most widely discussed proposals being considered by the current Congress are those geared toward changing the locus of responsibility and returning powers to the state and local governments. Whether the governmental program is welfare reform, education, or transportation, the use of block grants, turnbacks and restoring

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authority to local levels of government is receiving greater discussion than it has in the past 25 years. These proposals present a challenge to the states. Although states have clamored for additional authority in the form of flexibility, many states are not prepared to take over a large number of federal duties at a time when taxes cannot be increased and departments are shrinking. This reallocation of activities could become a means of simplifying the federal government at the expense of state governments. Many states and localities fear that devolution could result in less money but continued regulatory requirements and perhaps even additional unfunded federal mandates. This becomes important in the context of tax reductions and smaller work forces at the state level. However, devolution could result in improved efficiencies of government by allowing states to create solutions appropriate for the problems in their state or locality, catering the programs to their unique needs, instead of following a one-size-fits-all program regulated by the federal government.

Although there has been extensive discussion about devolution, and a number of bills have been introduced in Congress, little has been accomplished to date that could be considered revolutionary. Time will tell whether powers actually will devolve, and whether the distribution of governmental responsibility will shift.

CREATING A HIGH-PERFORMANCE WORK FORCE

Whether the focus is downsizing, right-sizing, empowering, or reorganizing, an often-used response to public demand to reinvigorate government is to restructure and reduce the size of the civil service. The number of federal employees expanded to a new high during the Reagan administration. Through the 1980s, state and local government growth outstripped population growth two to one, rising by about 20 percent between 1980 and 1992. This growth is presumably coming to an end. The Clinton administration's proposals indicate staff reductions at the federal level; Congress has shown an interest in lowering the number of workers at the U.S. Department of Transportation. State after state is freezing maximum employment levels, downsizing, reorganizing, and cutting budgets. The Oklahoma Department of Transportation used attrition to go from 3,400 employees to 2,800 employees. The Texas Department of

Transportation provided incentives to reduce the work force by 1,700, more than 10 percent of all TxDOT employees. The Virginia Department of Transportation has gone through two buyouts, decreasing staff from approximately 11,200 employees in 1990 to approximately 9,500 (1).

States have also begun to approach the size of bureaucracies from a different perspective. Instead of simply cutting the numbers, the state DOTs are focusing on the need to flatten and thin out agencies. This goes to the heart of the theory of high-performance government. There are other reasons for cutting layers of management, not the least of which is the reduction of salary and administrative costs made possible by a low manager-to-employee ratio. Heavily layered organizations are also slow to respond.

The appropriate number of layers depends on mission and goals. Iowa analyzes span-of-control ratios (number of employees per manager). The state has endorsed the idea that the ratio throughout its bureaucracy should be at least seven to one. Virginia is taking a similar tack, seeking a ratio of eight to one. According to analysis done by American Federation of State, County, and Municipal Employees, the average number of managers in government has grown twice as quickly as the number of front-line, service-delivering employees in the past decade. State governments understand the need to put more personnel directly in touch with the customer.

To do that, they are reorganizing. The Iowa Department of Transportation has been transformed from a modal to a functionally organized agency. Virginia has decentralized some functions, such as planning, to the district areas (e.g., Northern Virginia). The Florida Department of Transportation has shifted operational authority to offices in districts and designated individuals at the district level to work with communities on individual projects. Arizona had increased the number of districts from 4 to 11. States are also responding to the shrinking resources and distrust of government by letting the private sector take up the slack.

PRIVATIZATION

Seeking to reduce the scope of government and bring more money to the transportation arena, government agencies across the nation are examining opportunities to increase the provision of services by private-sector entities. The range of

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governmental activities that have been privatized is extensive. In Baltimore, Maryland, neighborhoods approved a residential tax to provide funds for private police and trash pick-up. Public schools are being run by private companies, and towns in receivership are being managed like businesses. State transportation functions are also being reevaluated to determine whether the private sector can better accomplish them. In 1988 Virginia passed legislation enabling construction of private toll roads and in 1995 the state legislature began allowing private construction, operation, and maintenance of transportation infrastructure for all modes in the commonwealth. Virginia has not been alone; California and Washington State, among others, have pursued the private construction of highways and bridges and sought service contracts with private entities. The number of states that have developed enabling legislation for private-sector transportation investments increases every day.

DEREGULATION

Creating responsive agencies also involves freeing chief executives, managers, and front-line employees from the thicket of outmoded laws, internal regulations, and controls that have arisen over the years. Downsizing virtually requires deregulation because there will be fewer people available to enforce the rules.

Simply reducing the number of employees does not make government more efficient, nor does it reduce the number of regulations and the amount of red tape to which public employees must adhere. Many of those ensconced in unnecessary layers of management are in fact working hard, which is part of the problem to many critics who believe that public-sector middle managers are working on the wrong problem: not on providing transportation but on complying with a stifling array of administrative practices for everything from procurement to hiring to contracting to performance evaluation. The result is lost productivity everywhere in the system.

ACCOUNTABILITY

The new management is predicated on a new accountability. The public is demanding to know not only what is being spent, but what it is getting for it. They are leading the shift away from old-style line-item budgeting that merely measures inputs to budgeting processes that measure outcomes. Because citizens are suspicious of govern-

ment spending, they want tangible reasons why their money should be spent on particular programs. This new accountability is, as George Bernard Shaw once said of religion, "a wonderful idea but never been tried."

A host of states are pursuing such a course, including Arkansas, Connecticut, Florida, Hawaii, Idaho, Iowa, Louisiana, Maine, Minnesota, North Carolina, Ohio, Oregon, and Texas. The theory is that if government begins to measure the effects of its activity instead of measuring only its expenditures, those effects will begin to drive the budget process. Virginia has incorporated this results orientation into its new performance budgeting process.

Paradoxically, the performance-management craze is expected to enjoy a stronger start than past efforts because it is being embraced with equal fervor by conservatives and liberals. Conservatives view it as a way to bring accountability to government; liberals, as a way to illustrate that government is worth what taxpayers must pay for it, and may be worth more.

The belief is growing among both citizens and

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public officials that institutions of government must drastically improve their capacity and performance to meet the challenges of rapidly changing economic and social systems. It would be wise to keep in mind the story of two hikers who suddenly come upon a bear. When one hiker drops to the ground and puts on running shoes, the other points out, "Are you crazy? There is no way to outrun that bear." The first hiker replies, "I know. I just have to outrun you." Agencies that cannot get ahead of the change may be facing the bear.

REFERENCE

1. National Academy of Public Administration and The University of North Carolina. *State Departments of Transportation: Strategies for Change*. National Cooperative Highway Research Program Report 371. Transportation Research Board, National Academy of Sciences, 1995.

SPEED BUMP

Dave Coverly

