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NATIONAL ISSUE

THE REPUBLICAN HOUSE-CLEANING

GOP Has Put Management On Sounder Footing

By Jeff A. Taylor
Investor's Business Daily

For years its day-to-day operations were a study in politics run amok.

Now the House of Representatives is being put on a more professional footing, thanks to GOP reforms.

The first-ever House audit, conducted last year, laid out the problems. Price Waterhouse found "one of the worst-run organizations ever reviewed in the history of the company."

No real audit was possible. Financial records were a mess, kept in ledger books little changed from the days of the Continental Congress.

It's different now. From cutting padded payrolls to contracting out, the Republican leadership is cleaning House.

Among the reforms, the House last year abolished the Office of Doorkeeper and created the job of chief administrative officer. Three committees, including the House Administration Committee, were abolished. In its place, a less powerful House Oversight Committee was set up.

In the past 15 months, new Chief Administrative Officer Scot Faulkner has set out to reform House operations. The process has shown just how insulated Congress has been from the way the rest of America does business.

The House Finance Office, which

New Brooms?

The GOP has installed some reforms in the House of Representatives

	103rd Congress	104th Congress
Nonlegislative Budget	\$800 million	\$671 million
Employees	1100	600
Admin. costs	\$69 million	\$46 million
Mgmt. layers	12	2
Folding room	House-run	abolished
Printing office	House-run	abolished
Barber shop	subsidized	privatized
Beauty parlor	subsidized	privatized
Shoe shine	subsidized	privatized
Mail service	House-run	privatized

Source: Chief Administrative Officer, House Privatization Task Force

oversaw pay, benefits and expenses for House offices, had an annual budget of \$800 million. But it had no certified public accountants on staff, and financial records were missing or incomplete.

"It was all an oral culture. We felt we should have been anthropologists, not management consultants," Faulkner said in an interview. "This place has not changed since 1790. So you are literally overcoming not just 40 years of Democrat rule, but 205 years of tradition-bound stagnation."

The new CAO now does tasks once divvied up among several power centers, including the House clerk, the

sergeant-at-arms and several committees.

Critics see this as giving too much power to the speaker's office, which selects the CAO. But the former system of spreading out power made it hard to assign blame.

Taxpayers picked up the tab for services under the old system. Soon after the GOP took over, Rep. Jim Nussle, R-Iowa, noted with amazement that a bucket of ice was delivered to every office each morning. That practice has ended.

Overall, the 1996 House nonlegislative budget is down to \$671 million from \$800 million. Overhead costs have been shaved 33% from \$69 million to \$46 million. For 1,100 personnel, 12 layers of management were in place. Now 600 employees have two layers of management (see Page 1 table).

"The way we view the House is that it is 500 separate business units, each one with a chief executive," explained Faulkner, a former vice president at Philip Crosby Associates, a management consulting firm.

Each lawmaker's office and leadership slot has a budget of \$800,000 to \$1 million.

Faulkner's approach leads to treating the House's five office buildings and one day-care center more like an office park.

"We are like a World Trade Center,

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REPUBLICAN HOUSE-CLEANING

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or a Ritz-Carlton, or a big conference site with the ultimate conference center being the House floor," Faulkner said.

That represents a big change from House tradition.

"The tradition was basically one of political patronage and political clout. It had nothing to do with good management. They undermined the fundamental integrity of this institution," Faulkner said.

Institutions like the House Bank, which representatives used to write bad checks, and the House Post Office were scandal-ridden and have been replaced.

Representatives' accounts with the House Post Office were a mess. Indeed, former Rep. Dan Rostenkowski, D-Ill., is on trial for allegedly turning postal budgets into cash.

Faulkner calls getting rid of such operations as "smashing the cookie jars."

The U.S. Postal Service now runs the House Post Office windows like any other Post Office in the country.

Privatization Complaints

Mail delivery is now handled by Pitney Bowes, which began work on a seven-year, \$23 million contract last month. The change will save \$1.4 million in operating costs each year.

Privatization has caused some bipartisan complaints on the timing of mail service.

Such complaints are common to privatization, said John O'Leary, a policy analyst with the Reason Foundation.

"Any time there is a change, there usually is some sort of negative reaction just because things are different," O'Leary said. "The overall quality record of private contracting is very positive." Most problems are short term, he said.

On Capitol Hill, other motives are also at work. "Members got used to having those slots for their friends and relatives," one former House staffer explained.

Ending patronage has another benefit. "Ironically, taxpayers have greater accountability with contracted services," O'Leary said. Payments to outside firms are more visible than in-house accounts.

O'Leary also noted that the House ranks high

on the "level of public skepticism." Contracting out tends to focus on costs and performance. Taking politics out of House services is another benefit.

But squeezing politics out is a tall order.

The House Administration Committee was a fiefdom. To the extent the House had budget rules, the committee had the authority to waive them. Rules were waived on purchase of supplies and travel. In just the 15-month period audited, such waivers came to \$14.2 million in overpayments.

So great was the committee's power, its former chairman, Rep. Charlie Rose, D-N.C., might have parlayed it into the speakership had Democrats maintained control.

Padded Payrolls

The House also used to pad payrolls. The House Folding Room dated to 1855. Its job consisted of folding mail and stuffing envelopes. For every 1,000 pieces of mail, though, the Folding Room spent \$480. That compares with \$14 per 1,000 in the private sector.

"You had an obsolete technology meeting an obsolete need," Faulkner explained. The office was staffed to handle two million pieces of mail a day when 500,000 pieces for a month was normal.

Closing down the Folding Room saved \$2.6 million a year. In-house printing was also abolished. Members are now told to go to any outside vendor for printing and mailing.

Before reforms, furniture was also used as a political chit. Getting a desk or chair was often a question of voting the right way on legislation.

Not surprisingly, furniture was hoarded to avoid this "desk-for-vote" system. A warehouse full of unused furniture cost \$235,000 each year. Among the stored items were steamer trunks, unused since 1975. Some of the trunks were found still in their shipping materials, dating from 1962.

Last year, a public auction of surplus furniture raised \$140,000 and ended the need for the warehouse space.

Another House tradition is the "grip-and-grin" photo with visitors and constituents. To meet demand, a fully equipped photography studio is in place.

Like other operations, it turned out to be

overstaffed and too specialized. The studio has been reorganized and is moving to a more efficient developing method.

The House also wasted money on its photo paper. It's slightly larger than normal. That means House gift shops had to sell oversized frames, which cost more. Faulkner said the special paper will be used until it is gone.

Special House stationery was stored in warehouses. Faulkner said it was used in place of normal paper because it was "a whiter white." The paper is gone, and that space was converted last month for the use of the new postal operation.

Management Information

"This place went overboard to try to be different," he said.

A barber shop, beauty parlor and shoeshine stands can still be found on the House side. But they have been privatized. Their operation had cost \$153,000 a year, not counting the amount members spent from their own pockets.

The flow of management information has improved. There are now daily data on items such as the movement of furniture, or how many W-2s were issued for the tax year.

"None of that was possible when we walked in the door, but we're still not where we want to be," Faulkner said.

Work with focus groups and questionnaires for House offices began nearly a year ago. Faulkner believes the House is still a year away from operating like an office park.

But the reforms made so far are permanent. "You couldn't go back to the old system if you wanted to," he said.

A House Appropriations subcommittee is studying the next step: reform of the Office of Architect of the Capitol, which oversees the House physical plant.

"We can frame a picture, but we can't hang it; that's the architect. We're carpets, but they're painting," Faulkner said.

Traditionally, the architect has had a close working relationship with the Senate, which could make reform harder. There have been only nine architects of the Capitol in the nation's history.

With such job security, "you have a very entrenched group of people who see no reason to change," Faulkner said.

Some 800 employees of the architect handle maintenance and construction on the House side. In late April or early May the subcommittee is set to begin hearings on contracting out some functions of the architect.