

# The Business of Government

## 3 From the Executive Director

What Does the IBM Center Do?

## 6 From the Managing Editor's Keyboard

## 8 Conversations with Leaders

A Conversation with Anthony Fauci, M.D.  
A Conversation with Admiral Thad Allen  
A Conversation with Dr. Robert D. Childs

## 24 Profiles in Leadership

Carolyn M. Clancy, M.D.  
Rear Admiral Christine S. Hunter, M.D.  
Jenni Main  
John T. Morton  
Vice Admiral Alan Thompson  
Inés R. Triay, Ph.D.

## 42 Forum: Toward Greater Transparency and Accountability in Government

Forum Introduction  
Transparency—For What?  
The Transparency and Accountability Challenge in the Subaward of Federal Funds  
Using the Web for Greater Government Openness and Transparency  
Engaging Citizens in the Job of Performance Reporting

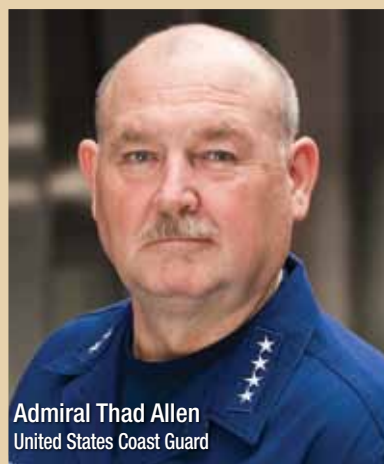
## 57 Viewpoints

Government Security Initiatives with an Impact on the Transition  
Leading NASA: Three Administrators in Retrospect  
Collaborating on Cross-Boundary Outcomes from the Front Line

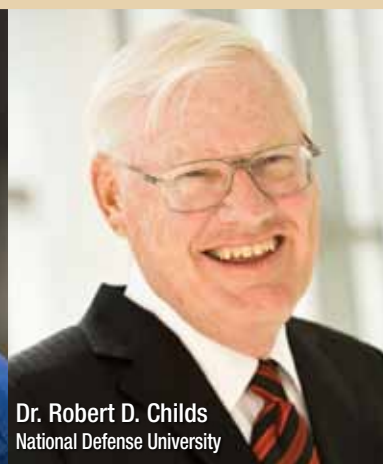
## 74 Management

Managing a \$700 Billion Bailout: Lessons from the Home Owners' Loan Corporation and the Resolution Trust Corporation  
Designing and Managing Cross-Sector Collaboration: A Case Study in Reducing Traffic Congestion  
Creating Telemedicine-Based Medical Networks for Rural and Frontier Areas  
Speeding Up the Learning Curve: Observations from a Survey of Seasoned Political Appointees

## 89 Research Abstracts



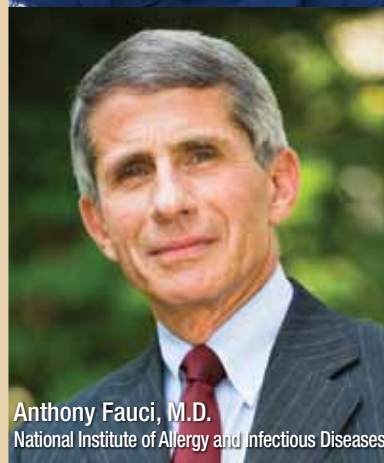
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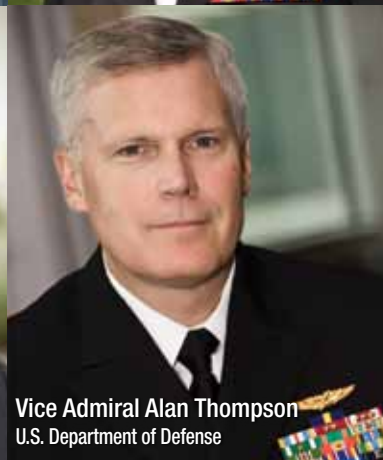
Rear Admiral Christine S. Hunter, M.D.  
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U.S. Department of Homeland Security



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## From the Executive Director

What Does the IBM Center Do? <i>By Jonathan D. Breul</i> .....	3
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## From the Managing Editor's Keyboard

<i>By Michael J. Keegan</i> .....	6
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## Conversations with Leaders

A Conversation with Anthony Fauci, M.D., Director, National Institute of Allergy and Infectious Diseases .....	8
A Conversation with Admiral Thad Allen, Commandant, United States Coast Guard .....	14
A Conversation with Dr. Robert D. Childs, Senior Director, Information Resources Management College, National Defense University .....	19

## Profiles in Leadership

*By Michael J. Keegan*

<b>Carolyn M. Clancy, M.D.</b> , Director, Agency for Healthcare Research and Quality, U.S. Department of Health and Human Services .....	24
<b>Rear Admiral Christine S. Hunter, M.D.</b> , Deputy Director, TRICARE Management Activity, U.S. Department of Defense .....	27
<b>Jenni Main</b> , Chief Financial Officer, Office of Financial Stability, U.S. Department of the Treasury.....	30
<b>John T. Morton</b> , Assistant Secretary, U.S. Immigration and Customs Enforcement, U.S. Department of Homeland Security.....	33
<b>Vice Admiral Alan Thompson</b> , Director, Defense Logistics Agency, U.S. Department of Defense.....	36
<b>Inés R. Triay, Ph.D.</b> , Assistant Secretary for Environmental Management, U.S. Department of Energy.....	39

## Forum: Toward Greater Transparency and Accountability in Government

Forum Introduction: Toward Greater Transparency and Accountability in Government .....	42
Transparency—For What? <i>By Harold (Hal) I. Steinberg, CPA, CGFM</i> .....	43
The Transparency and Accountability Challenge in the Subaward of Federal Funds <i>By Robert M. Lloyd</i> .....	47
Using the Web for Greater Government Openness and Transparency <i>By Ellen S. Miller</i> .....	50
Engaging Citizens in the Job of Performance Reporting <i>By John M. Kamensky</i> .....	54



## Viewpoints

Government Security Initiatives with an Impact on the Transition <i>By Martha Joynt Kumar</i> .....	57
Leading NASA: Three Administrators in Retrospect <i>By W. Henry Lambright</i> .....	61
Collaborating on Cross-Boundary Outcomes from the Front Line <i>By John M. Kamensky</i> .....	69

## Management

Managing a \$700 Billion Bailout: Lessons from the Home Owners' Loan Corporation and the Resolution Trust Corporation <i>By Mark K. Cassell and Susan M. Hoffmann</i> .....	74
Designing and Managing Cross-Sector Collaboration: A Case Study in Reducing Traffic Congestion <i>By John M. Bryson, Barbara C. Crosby, Melissa M. Stone, and Emily O. Saunoi-Sandgren</i> .....	78
Creating Telemedicine-Based Medical Networks for Rural and Frontier Areas <i>By Leonard R. Grazioplene</i> .....	82
Speeding Up the Learning Curve: Observations from a Survey of Seasoned Political Appointees <i>By G. Edward DeSeve</i> .....	86

## Research Abstracts

Strategic Risk Management in Government: A Look at Homeland Security .....	89
Designing and Managing Cross-Sector Collaboration: A Case Study in Reducing Traffic Congestion .....	89
Governance Challenges and the Financial Crisis: Seven Key Questions .....	89
Managing a \$700 Billion Bailout: Lessons from the Home Owners' Loan Corporation and the Resolution Trust Corporation .....	90
Creating Telemedicine-Based Medical Networks for Rural and Frontier Areas .....	90
The Role and Use of Wireless Technology in the Management and Monitoring of Chronic Diseases .....	90
<b>How to Order Recent Publications</b> .....	91

## The Business of Government

A Publication of the IBM Center for The Business of Government

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IBM Center for  
The Business of Government

By Jonathan D. Breul



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## What Does the IBM Center Do?

The IBM Center for The Business of Government connects public management research with practice. Since 1998, we have helped public sector executives improve the effectiveness of government at the federal, state, local, and international levels by sponsoring independent research reports by top minds in academe and the nonprofit sector, and by creating opportunities for dialogue on a broad range of public management topics. Many of you are familiar with one “face” or dimension of the Center, but may not be familiar with all of our many other activities.

### Research Agenda

The IBM Center uses competitive stipends to encourage the academic community to produce research reports that are relevant to public sector executives and managers. The Center’s call for *Research Report Proposals* looks to the top minds in academe and the nonprofit sector to produce reports that address a “what to do” issue head-on, with very practical findings and actionable recommendations—not just theory or concepts—in order to assist executives and managers in responding to the mission and management challenges facing them. This year, we are focusing on six themes:

- Performance improvement and analysis
- Implementation of the Recovery Act
- Workforce transformation
- Collaboration and management across boundaries
- Contracting and acquisition
- Transparency and participatory democracy using technology

Within each of these areas, we are particularly interested in reports that address federal finance, the budget, and the economy; healthcare; energy and environment; and cyber security.

### Reports

Over the past 11 years, the Center has produced more than 225 published books and reports. All of them are freely available and searchable on our website. Currently, the most popular publications are:

- *Getting It Done: A Guide for New Executives*, by Mark A. Abramson, Jonathan D. Breul, John M. Kamensky, and Martin Wagner
- *The Operator’s Manual for the New Administration*, by Mark A. Abramson, Jonathan D. Breul, John M. Kamensky, and Martin Wagner
- *Strategic Risk Management in Government: A Look at Homeland Security*, by David H. Schanzer, Joe Eyerman, and Veronique de Rugy
- *Working with Career Executives to Manage Results*, by Dana Michael Harsell
- *Using Activity-Based Costing to Manage More Effectively*, by Michael H. Granof
- *The Importance of Leadership: The Role of School Principals*, by Paul E. Teske
- *Seven Steps of Effective Workforce Planning*, by Ann Cotton

- *The Blogging Revolution: Government in the Age of Web 2.0*, by David C. Wyld
- *Six Trends Transforming Government*, by Mark A. Abramson, Jonathan D. Breul, and John M. Kamensky
- *Business Improvement Districts and Innovative Service Delivery*, by Jerry Mitchell

### Guidebooks

Late last year, the Center published two practical, insightful “how to” books to help government executives and leaders address their mission and management challenges:

- *Getting It Done: A Guide for Government Executives*
- *The Operator’s Manual for the New Administration*

Please let us know if you would like us to send you some copies, or download them from the web at [businessofgovernment.org/transition2008/](http://businessofgovernment.org/transition2008/).

### Radio Show

“The Business of Government Hour” airs in-depth and insightful conversations with government leaders who share their insights, successes, best practices, and vision of government in the 21st century.

- Saturday, 9:00 a.m., CBS Radio 1580AM—(Listen live over the web at [bigtalker1580.com/pages/4862765.php](http://bigtalker1580.com/pages/4862765.php).)
- Friday, 2:00 p.m., CBS Radio 1580AM—(Listen live over the web at [bigtalker1580.com/pages/4862765.php](http://bigtalker1580.com/pages/4862765.php).)
- Monday, 11:00 a.m., WFED 1500 AM—(Listen live over the web at [federalnewsradio.com](http://federalnewsradio.com).)
- Wednesday, 12:00 p.m., WFED 1500AM—(Listen live over the web at [federalnewsradio.com](http://federalnewsradio.com).)

Or, download current and archived shows from [businessofgovernment.org](http://businessofgovernment.org) or from iTunes.

### Magazine

Twice-a-year, we produce *The Business of Government* magazine, which presents in-depth stories on government executives and public managers who are changing the way government does business. We also present feature stories on important program and management issues facing government executives. The magazine is mailed to all federal senior executives and thousands of others on our mailing list.

### Blog

The IBM Center joined the “blogosphere” in 2007, when it launched the first blog to track the then-pending presidential transition after the 2008 election. The Library of Congress asked for permission to archive the blog entries as part of its collection of resource materials associated with the transition; it became a must-read for transition insiders, with more than 95,000 visitors. That blog—[transition2008.wordpress.com](http://transition2008.wordpress.com)—continues to get readers interested in the evolution and results of what academics are calling a successful presidential transition.

The IBM Center is expanding its scope in a new blog, “The Business of Government Blog” ([bizgov.wordpress.com](http://bizgov.wordpress.com)). Here, a range of voices from the Center, academe, and IBM business practitioners examines issues facing public managers as they work to accomplish their missions. The new blog looks at the implementation of the Recovery Act, the evolution of the Obama administration’s new transparency initiatives, and the challenges of performance and collaboration in the workplace. Visit and join the conversation!

## Expanding Web Presence

The Center is expanding its presence on the web. You can visit our website—[businessofgovernment.org](http://businessofgovernment.org)—where we maintain a free, downloadable reference library of over 200 research reports as well as over 300 interviews with government executives. The interviews are available as podcasts and transcripts. Articles from our semiannual magazine are available for download, as well.

We also have an interactive element on our “how to” website that allows you to look up frequently asked management questions. These were developed as part of our presidential transition materials but have continued relevance for busy executives, especially those new to the public sector. Visit “The Operator’s Manual” within our Presidential Transition section—[businessofgovernment.org/transition2008/](http://businessofgovernment.org/transition2008/).

In addition, our website is a launching point for several other resources. We aggregate daily news updates on management-related topics, highlight features of our new reports, and link to several Center-sponsored blog forums as well as to videos and podcasts of our reports and executive interviews. Several of these features encourage you to share your input and insights with your fellow readers.

While you can find us on our website, we are also embracing the spirit of Web 2.0 by joining other groups. We now have a presence on Facebook, GovLoop, iTunes, LinkedIn, Twitter, and YouTube. We contribute to other forums as well, such as [GoverningPeople.com](http://GoverningPeople.com), [GovernmentFutures.com](http://GovernmentFutures.com), and Harvard’s “Better, Faster, Cheaper” forum. If you would like to learn more about the Center, watch videos, blog, read our RSS feed, and stay informed on current reports and radio show interviews—then visit us and become a friend, member, subscriber, follower, and fan!

## Fall Research Forum

The new administration has launched a bold and broad set of actions to change the way Washington works. The director of the U.S. Office of Management and Budget’s (OMB) June 11, 2009 memo to the heads of the departments and agencies indicates that the OMB will work with Congress, interagency management councils, experts in federal management policy, federal employees, and other key stakeholders to “craft a broad management and performance framework that will achieve near-term priorities and overcome long-standing management challenges.”

In response, the Center hosted a forum on “Framing a Public Management Research Agenda: Examining the Obama Administration Themes for a High-Performing Government.” We invited some of the top minds of public management to collectively develop a research agenda for the next three years, and will be publishing highlights early next year.

## E-Newsletter

Twice a month, subscribers to our newsletter receive an e-mail updating them on new research reports, radio show interviews, events, and more. Please send us your e-mail address if you would like to receive it.

Please let me know if you have any questions about the IBM Center for The Business of Government. ■

By Michael J. Keegan



**Michael J. Keegan** is Managing Editor of *The Business of Government* magazine and Host/Producer of *The Business of Government Hour*

This issue of *The Business of Government* magazine delves into a range of topics and public management issues facing us today. Whether it's the federal government's response to the recent financial crisis, the H1N1 flu, or its movement towards greater transparency and accountability, we've gathered thoughtful perspectives from some of the leading practitioners and academics in the field. With each edition, we try to fuse the practical with the reflective—bringing together insights from government executives leading major government programs and thought leaders studying ways to improve how government works. It's about connecting research to practice. We do this in a variety of ways and *The Business of Government* magazine plays a central role.

### Conversation with Leaders

We feature conversations with dedicated public servant leaders, from a wide variety of disciplines, who share their extended reflections on the work they do and the service they perform. These conversations have much to offer about leadership, government, and public service. For this edition, we had the pleasure of speaking with one of the world's leading scientists and authorities in the area of immunology and infectious diseases. Dr. Anthony Fauci, director of the National Institute of Allergy and Infectious Diseases (NIAID) spoke with us about the organization he has led for over 25 years and life-saving work it champions. He is an eloquent communicator, who truly follows his principle—precision of thought and economy of expression—when explaining complex scientific issues. If there is a single thread that weaves together the three conversations in this feature, it is the importance of connecting with others. Admiral Thad Allen, commandant of the U.S. Coast Guard, tells us how he has successfully used social media tools such as his iCommandant blog and other Web 2.0 strategies to improve operations, collaborate, and connect effectively inside and outside the Coast Guard. Making connections has been central to Dr. Bob Childs' efforts in building the Information Resources Management (IRM) College into what he calls a global hub for educating, informing, and connecting information age leaders. He spoke with us about the classroom of the future, advances in telepresence, and his vision of the future as totally mobile, incredibly compact, ridiculously “nano-tiny,” and eye-wateringly powerful.

### Profiles in Leadership

Over the last several months, we interviewed many government leaders who are changing the way government does business. Each joined us for an hour on *The Business of Government Hour* discussing critical issues facing their agencies. They are indeed profiles in leadership and here's a glimpse. Dr. Carolyn Clancy focuses on the use of comparative effectiveness research in healthcare to improve quality, safety, and effectiveness. Rear Admiral Christine Hunter discusses DoD's TRICARE emphasis on prevention and disease management. Vice Admiral Alan Thompson details the challenges leading the global supply chain that support U.S. military operations. John Morton explains the importance of using collaborative law enforcement tools such as the Border Enforcement Security Task Forces to repel threats to the U.S. Jenni Main offers insights into managing and reporting on the \$700 billion Trouble Asset Recover Program (TARP) while Dr. Inés Triay outlines using Recovery Act funds to accelerate the largest environmental cleanup in the world.



## Forum: Toward Greater Transparency and Accountability in Government

It is said that transparency promotes accountability. This theme has become a central focus of the current administration. The forum in this issue explores the movement toward greater transparency and accountability in government. From a variety of perspectives, each article outlines how this movement will provide both opportunities and challenges to government executives.

## Viewpoints

We also offer compelling viewpoints on the recent presidential transition, leadership comparisons of the last three NASA Administrators, and ways to collaborate more effectively cross-boundaries using Web 2.0 technologies. Martha Kumar presents a first hand account of government security initiatives surrounding the most recent presidential transition, chock full of thoughts and reflections from those directly involved. Professor Harry Lambright compares the leadership styles and the mysteries of match and fortune of the last three NASA Administrators: Dan Goldin, Sean O'Keefe, and Michael Griffin. John Kamensky offers frontline examples of efforts to create a truly networked government, from the bottom up.

## Reports

As Jonathan Breul noted, over the last 11 years, the Center has produced more than 225 published books and reports. Though all of them are freely available and searchable on our website, you may get a preview of some of our most timely reports in our management feature. We also offer brief overviews of other reports to close this edition in our research abstracts. If you have yet to read these reports, we encourage you to do so by going to [businessofgovernment.org](http://businessofgovernment.org) and become a friend of the Center.

We hope you enjoy what is offered in the Fall/Winter 2009 *The Business of Government* magazine. Please let us know what you think by contacting me at [michael.j.keegan@us.ibm.com](mailto:michael.j.keegan@us.ibm.com); I look forward to hearing from you. ■



The Business of Government Web site.

# A Conversation with Anthony Fauci, M.D. Director, National Institute of Allergy and Infectious Diseases



*Throughout history, infectious diseases have posed a major threat to human life and health. These diseases continue to wrought serious, sometimes, disastrous consequences. As economies and societies around the world have become increasingly interdependent, responding to infectious diseases, such as the 2009 H1N1 influenza A virus and other emerging and reemerging infectious diseases, has taken on a new critical importance.*

*We had the pleasure of speaking with one of the world's leading scientists and authorities in the area of immunology and infectious diseases, Dr. Anthony Fauci, director of the National Institute of Allergy and Infectious Diseases (NIAID), about the organization he has led for over 25 years and the important and life-saving work it champions.*

## On the History and Mission of the NIAID

NIAID was formally established in 1948. Actually, historically, it really is the [predecessor] institute for the National Institutes of Health (NIH). Our mission statement is: to understand the causes of and to develop the research agenda, both basic and clinical, [for] ... preventions, diagnoses, and treatment for both infectious diseases and diseases of the immune system.

We're the second-largest institute at [NIH], which has 27 institutes and centers. Our budget is about \$4.8 billion per year. We have about 1,800 full-time equivalents, or permanent positions. We also have a number of contractors and research fellows, giving us a total workforce of about 3,500 to 3,600. Ten percent of the research we do is performed by federal employees who are either in Bethesda, Maryland, or in Hamilton, Montana. The other 90 percent of what we do is award grants and contracts that go mostly to universities to fund the work of what we call "extramural investigators." These are people who are associated with university hospitals and medical centers, using government grants to do the basic and clinical research.

## On Leading NIAID's Research

My responsibility as the NIAID director is to lead the overall administrative, scientific oversight, and execution of the insti-

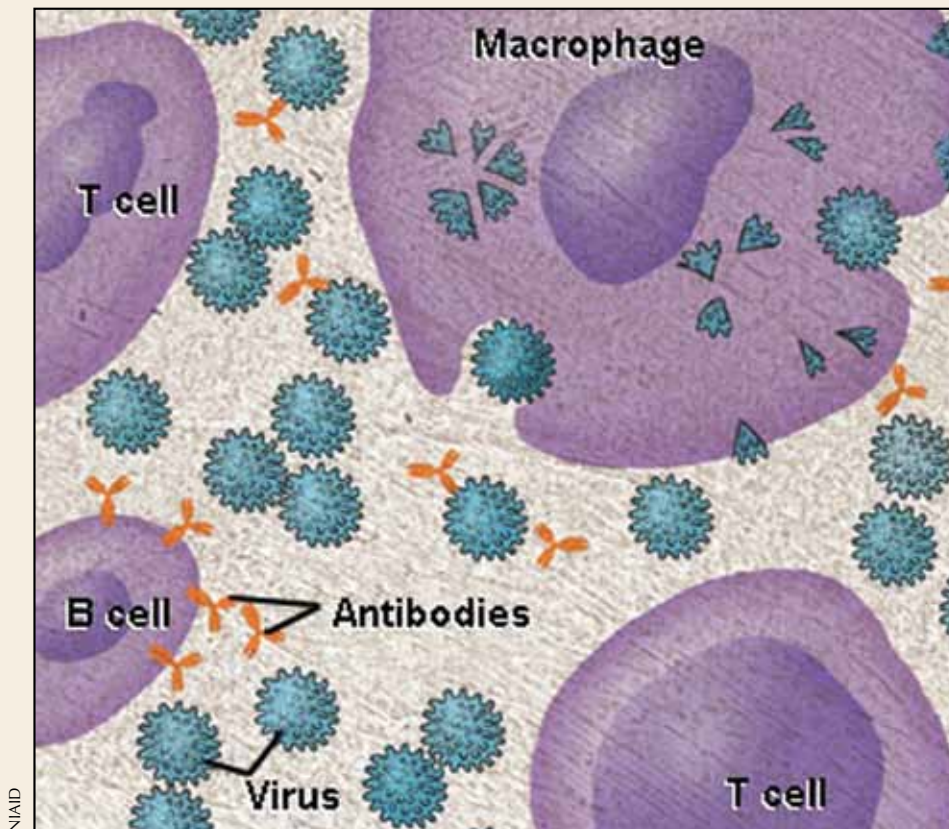


tute's mission. I'm involved in [developing] the scientific direction of [NIAID] and making sure that we fulfill our mission.

Let me give you a little more detail about our programs. The Division of Microbiology and Infectious Diseases is responsible for funding the research associated with the study of all microorganisms—the development of vaccines, therapeutics, antivirals, anti-bacterials, and understanding the pathogenesis of diseases. This includes malaria, tuberculosis, neglected tropical diseases, childhood diseases, measles, mumps, polio—all the things that we have vaccines for now. It also includes the recently developed vaccines, namely for [the] Haemophilus Influenzae B vaccine, streptococcal vaccine, staphylococcal vaccines.

We have a special division for HIV/AIDS. We do work on the pathogenesis, the diagnosis, the treatment, and hopefully the development, of a vaccine for HIV/AIDS. We also do work on transplantation, asthma, allergy, and immune-mediated diseases. Most of the immunology—not all, but most of the immunology research—is funded out of NIAID

### How a Vaccine Works



Most vaccines help prevent disease by mimicking the immune system's natural response to infection. In the body, cells called macrophages engulf invading microbes, such as viruses, and sound the alarm by showing pieces of the invader to T cells and B cells. B cells produce defensive molecules called antibodies that "stick" to the microbes, making them unable to multiply and cause disease.

with some contribution from other institutes. We have two major intramural research programs. One covers multiple disciplines from infectious diseases through immunology. These are the investigators who are working there on campus or in Hamilton, Montana. We also have the [Dale and Betty Bumpers] Vaccine Research Center, which was established first to develop an HIV vaccine, but is also now involved in influenza vaccines, and vaccines for anthrax and other microbes.

#### On the Fundamentals of Vaccinology

Let's start off with the definition of a virus. Viruses are one of the pathogens, as it were, which is—in a virus it's not a free-living microbe because it requires another cell for it to survive and replicate, but it's made up of either DNA or RNA. There are RNA viruses and there are DNA viruses.

A virus has the ability to co-opt functions of a cell to replicate itself, and by doing that, it generally causes disease. When an influenza virus replicates, it binds to the surface of respiratory cells, enters the cells, replicates, causes inflam-

mation, and damages ... the epithelium. This is why you wind up coughing, and sometimes, [get] serious pneumonia. Polio does the same thing with the nervous system. HIV/AIDS does the same thing with the immune system.

The fundamental principle of vaccinology is to expose a person to a weakened or killed form of a microbe. The concept is based on the body having the capability of responding adequately to a particular virus. Let's take the polio or measles vaccine. The body can mount an immune response so that, when you actually get exposed to the real microbe or virus, you will have a head start mounting an immune response that can protect you against disease.

Usually, vaccinologists design a vaccine that mimics natural infection and induces this type of an immune response. We have a problem with HIV/AIDS, because HIV does not seem to mount an immune response in the body that's ultimately able to clear it and, hence, develop protective immunity.



“When I talk to the public about science, my rule is: Do not try to impress anybody with how smart you are. Just be clear. I follow this [principle]: precision of thought and economy of expression. Know what it is that you want to say, and say it in as few words as possible.”

— Anthony Fauci, M.D.

## On Emerging and Re-Emerging Diseases

The mother of all emerging infections is HIV/AIDS. Prior to the early 1980s, there was no experience with HIV/AIDS, so it is truly a new, emerging disease. SARS [severe acute respiratory syndrome] is another emerging disease that we hadn't had any experience with before. It occurred a few years ago, but then essentially burnt out by itself without needing any vaccine or therapy. Public health measures controlled it, and then it disappeared. West Nile virus was a problem in the Middle East and in Africa for centuries, but then in the late 1990s it appeared in Long Island, New York. It came over either on a mosquito or a bird or a person, started to spread, and now it's endemic in the United States. Another example of a re-emerging infection is multiple drug-resistant TB. All of a sudden, through genetic mutations, and maybe improper use of certain drugs or the improper compliance on the part of people to taking the drugs, the resistant form of TB reemerged.

We will never eliminate the emergence of new infections—that's just the evolutionary capability of microbes. Microbes will never eliminate the human species and the human species will never eliminate all pathogens. There's kind of a balance we have. The best we can do to protect ourselves is to be prepared and use the tools of biomedical research and public health surveillance, moving quickly when we do see the emergence of a new infection, like HIV/AIDS or SARS or multiple drug-resistant diseases.

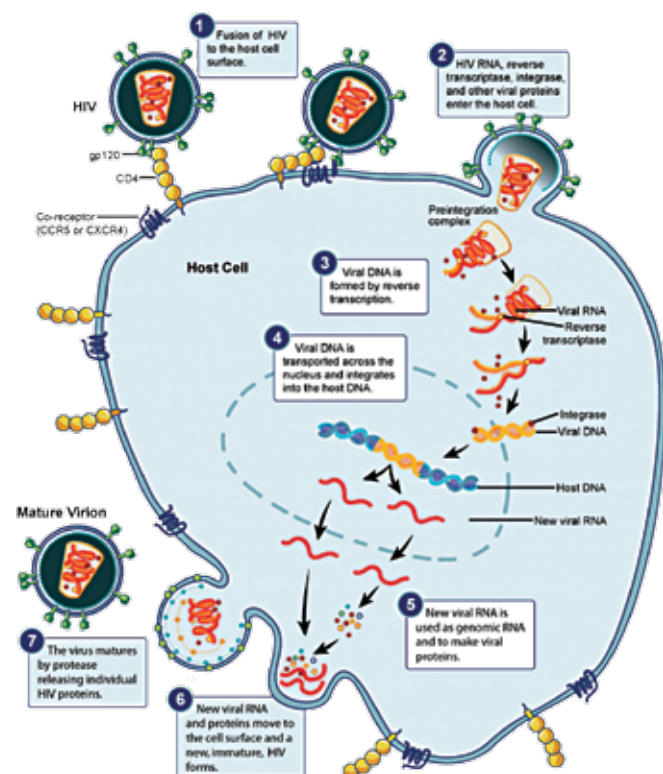
## On the Next Generation of HIV/AIDS Treatments and Anti-Viral Drugs

We have 30 FDA-approved anti-virals for HIV. If there's ever been any real successes in infectious diseases, the development of adequate, if not very good, anti-virals against HIV is a true success story. You develop an anti-viral by getting a compound that's directed against a vulnerable point in the replication cycle of the virus. For example, we have reverse transcriptase inhibitors, which block a very important enzyme—reverse transcriptase—that the virus uses to replicate itself. Once it changes itself from RNA to DNA, it inserts itself into the chromosome of the cell. It uses an enzyme called integrase. One of the drugs that we've developed is an integrase inhibitor. What you do is, you look at

the vulnerable part in the replication cycle and you develop a drug against it. This has been very successful in the arena of HIV.

Not so successful [have] been the efforts in developing a vaccine. We can't take the classical approach with HIV. We've got to develop a vaccine that, when the body sees it, it does much better at mounting an immune response than when it sees the natural infection. We have an ominous task of having to do better than what natural infection does—that's not going to be easy. I think it's possible, but it's not going to be very easy.

## The HIV Replication Cycle



NIH



## On Strategies to Prevent, Treat, and Diagnose Tuberculosis (TB)

TB is a very interesting disease—an ancient disease. It's been around forever. One-third of the world's population is infected with latent TB. They're not sick, but they're infected. There are 9 million new cases each year; there are 1.7 million deaths each year from TB, yet our diagnostics are antiquated. The vaccine against TB doesn't work very well against adult TB. It works reasonably well against childhood nonpulmonary TB. We haven't had a brand-new therapeutic for TB in over four decades. We've been victims of our own success. We were so successful [that] we neglected the research agenda for TB. Of those 2.2 billion people who are walking around with latent TB, there's a 10 percent chance in their lifetime that they will develop active TB. If they have an immunodeficiency disease, like HIV, there's a 10 percent per year chance that they will develop active TB. If you have HIV and latent TB, the chances are overwhelming—if you're not treated—that you're going to wind up with active TB sometime in your lifetime. We have a long way to go to control TB. We have an additional problem of multiple and extensively drug-resistant TB, which means that the old drugs that have been historically so successful in treating

TB are no longer successful. We have to develop a better pipeline of new drugs to replace the older drugs for which the TB is now resistant. Using 21st century technology, it is really important for us to use the research advances in the molecular approaches to develop drugs as well as vaccines that control TB.

## On Preparing for Flu Season

I believe we've been somewhat complacent about the morbidity and mortality of seasonal flu. We get very excited when there appears to be a threat of a pandemic flu. Since 2005, we've been concerned about the H5N1 bird flu, which killed a lot of birds, but rarely jumped species to infect humans. Last fall, we had a regular flu season. As the flu season ended in March-April of 2009, we started to see cases of a brand-new "swine flu," which is the H1N1. This variant first appeared in Mexico, then [spread] throughout the U.S. and globally. This has real pandemic potential, because it can spread very easily from person to person. We're watching that very closely. Part of pandemic influenza preparedness is to [build] the infrastructure to develop vaccines as rapidly as we can—to develop a new pipeline of drugs to treat influenza.

## History of Tuberculosis

Scientific advances, including the discovery of the tuberculosis mycobacterium and the development of new drugs and the BCG vaccine, caused TB to lessen its grip on mankind during some periods of history. However, TB never completely let go. Today, tuberculosis remains one of the leading infectious disease killers around the world. Emerging drug-resistant strains of the disease are presenting a new challenge in the ever-changing battle to control and prevent tuberculosis.

Mycobacterium tuberculosis

Getty Images



Evidence of tubercular decay has been found in the spines of Egyptian mummies thousands of years old, and the disease was common both in ancient Greece and Imperial Rome.

SSPL via Getty Images



Albumen silver print by Henry Peach Robinson (1830-1901), showing a young girl on her deathbed surrounded by her family.



The Aeras Global TB Vaccine Foundation's new manufacturing plant in Rockville, Maryland. The multimillion dollar manufacturing facility will be capable of producing 200 million doses of a new TB vaccine.

Getty Images

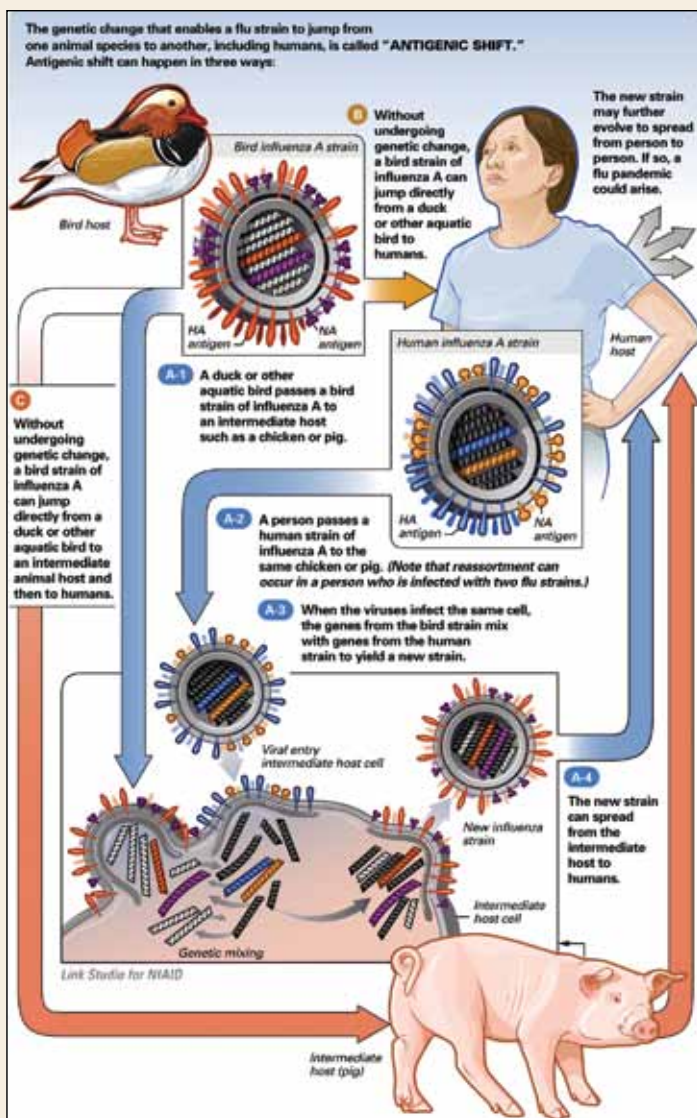
There is a very real connection between how well you have prepared for seasonal flu and your capability for surging up for pandemic flu. We know that H1N1 established itself in the United States and globally outside of the flu season. Luckily, it was not particularly severe. It was about as severe as a seasonal flu. It was happening out of season. We were seeing illnesses, particularly among young people, in April, May, and June and beyond. That's something that is very unusual for seasonal flu. We didn't see as much spread, though, in the spring-summer of 2009, as the flu doesn't do well when there are open spaces, warm weather, and high humidity. When there are closed spaces, cold weather, and

low humidity, flu seems to spread better. The summer here in the northern hemisphere is the winter in the southern hemisphere. What happens in that region is generally predictive of what will happen here in the U.S. in the fall and the winter of 2009-10.

## On Being an Effective Leader

I think [the art of persuasion and being faithful to one's principles] are critical to being an effective leader. A leader must lead by example. You have to understand the subject and the terrain in which you're trying to lead. You've got to persuade [others] that this is something that's important, that it's excit-

## Antigenic Shift



The genetic change that enables a flu strain to jump from one animal species to another, including humans, is called antigenic shift. Antigenic shift can happen in three ways:

### Antigenic Shift 1

- A duck or other aquatic bird passes a bird strain of influenza A to an intermediate host such as a chicken or pig.
- A person passes a human strain of influenza A to the same chicken or pig.
- When the viruses infect the same cell, the genes from the bird strain mix with genes from the human strain to yield a new strain.
- The new strain can spread from the intermediate host to humans.

### Antigenic Shift 2

- Without undergoing genetic change, a bird strain of influenza A can jump directly from a duck or other aquatic bird to humans.

### Antigenic Shift 3

- Without undergoing genetic change, a bird strain of influenza A can jump directly from a duck or other aquatic bird to an intermediate animal host and then to humans.

The new strain may further evolve to spread from person to person. If so, a flu pandemic could arise.

ing, and they're doing it not because you're pushing them to do it [but] because they really do want to do it. I think that's the secret of a leader. With regard to principles, you have to set up a fundamental group of principles, particularly in the arena of science, because science is uncompromising. It's trying to get to the truth. It's trying to understand and get knowledge of things that would ultimately, in the biological sciences, help humanity.

You can never compromise your scientific principles. If you do that, first of all, you're not worth much and you're going to wind up getting yourself in trouble.

### On a Strategy for Explaining Science

When I talk to the public about science, my rule is: Do not try to impress anybody with how smart you are. Just be clear. People really need to understand what it is that you're talking about, so speak in common, plain English. Don't beat around the bush. Say what it is that you want to say. If it requires an explanation, make it brief, clear, and accurate. I follow this [principle]: precision of thought and economy of expression. Know what it is that you want to say, and say it in as few words as possible.

### On the Future of Vaccinology

I think the future of vaccinology is very bright because [of] the technological advances, particularly in the arena of genomics and the spin-offs of genomics. These will give us the opportunity to develop vaccines against important infectious diseases. If you look at the three big global killers right

now in certain countries in the developing world, more than 50 percent of the people in a particular society die either of HIV/AIDS, TB, or malaria. We don't have vaccines against any of those three great killers.

We also have a number of other infections that we need to develop vaccines against, and there are even noninfectious diseases, such as certain cancers, where there's a very important effort to try and develop vaccines. So, the future of vaccinology is challenged by a lot of important goals that we need to fulfill. That's the sobering part of that, that they're very important and serious challenges.

The good news is that the technology we're involved with right now is opening doors for us that we never imagined. ■

To learn more about the National Institute of Allergy and Infectious Diseases, go to [www3.niaid.nih.gov](http://www3.niaid.nih.gov)



To hear *The Business of Government Hour's* interview with Anthony Fauci, M.D., go to the Center's website at [www.businessofgovernment.org](http://www.businessofgovernment.org).



To download the show as a podcast on your computer or MP3 player, from the Center's website at [www.businessofgovernment.org](http://www.businessofgovernment.org), right click on an audio segment, select Save Target As, and save the file.



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# A Conversation with Admiral Thad Allen Commandant, United States Coast Guard



*With more than 218 years of service to the nation, the U.S. Coast Guard is a military, multimission maritime organization that safeguards U.S. economic and security interests. From the oil platforms of the northern Arabian Gulf to our interior rivers, to an increasingly open and accessible Arctic Ocean, the Coast Guard ensures the safety, security, and stewardship of our maritime domain. Facing new challenges has required it to organize more efficiently and manage business practices more effectively.*

*We had the pleasure of speaking with Admiral Allen about the Coast Guard's modernization, its many successes, and the various challenges it faces as it serves the nation.*

## On the History and Mission of the U.S. Coast Guard

We're a unique product of the American Revolution. Shortly after the Revolution, the country was mired in debt. When the new government was established after the Constitution was ratified in 1789, Alexander Hamilton, the first Treasury secretary, found himself with a significant number of problems, huge debt, and not enough money to run the country. The only revenue stream we had was the tariffs and duties being paid for goods imported into the country. The goods were mostly British. They weren't paying; they were smuggling. Being a very [practical] man, Hamilton thought the best way to combat that would be to create a fleet of very small, fast ships [armed] with what they called swivel guns at the time. They could go into shallow waters and run down British smugglers. On the fourth of August, 1790, Congress passed a law that authorized the construction of ten cutters. This was the beginning of our service, though [the actual Coast Guard] wasn't created until 1915.

The organizational genius of the Coast Guard is what we call our dual character. We are a law enforcement organization and a military service. This stems from the post-Revolutionary period. [The U.S.] disbanded the Continental navy after the Revolution. We almost had a quasi-war with France in the 1790s. Those cutters [I spoke of earlier] were the only ships the country had [at the time]. Our early customs duties,



[coupled] with our military service, have evolved over 200 years [into our dual mission].

[The Coast Guard] has almost 42,000 people in uniform. We have about 7,000 civilian employees. We have a little over 8,000 reservists. One of our well-kept secrets I'd like to publicize is the over 30,000 volunteers in the Coast auxiliary who donate their time to help us. If you take the rivers that provide access to the interior of the country—the Great Lakes and the coast, including Alaska—we're dealing with 95,000 miles of coastline. If you spread 42,000 people across 95,000 miles, that's still pretty thin. That said, I think we provide an extremely high value to the country for the size of our force.

## On Leading the U.S. Coast Guard

We try to give responsibility as early in someone's career as possible. It doesn't matter if you're an officer or an enlisted person. It's ingrained in our operational model to give people the opportunity to have those experiences early on, and it pays off benefits later.



My first command in the Coast Guard was as a lieutenant, junior grade, in 1974 in a Loran transmitting station. We were providing navigational assistance for military operations in Southeast Asia. I was in my early 20s, and had 35 people working for me. I was 500 miles from my nearest commander. That's about as close as you can get to complete autonomy. It makes you make decisions about what kind of leader you're going to be. I think we cultivate that in the Coast Guard. We put an immense amount of responsibility on our people's shoulders.

As I've evolved my own leadership style over the years, I've tried to move away from talking about specific strategies or plans. The minute you write them down, especially if you put a date on them, they become shelf-ware. They have a half-life to them. What I try to get my people to understand: every day you go out, whether conducting operations or making business decisions or investment decisions, to act with strategic intent. When I became commandant in 2006, I laid out where I wanted the service to go. I didn't tell them exactly how we needed to do it. Frankly, those details need to be sculpted by those with that responsibility. I said, "Here's where the organization needs to go. You tell me the best way to [get there]." I may give some course corrections, but frankly, the new, modernized Coast Guard that we're building right now is being built by the people in the Coast Guard, and that's the way it should be.

I think the challenges I face, as one of the components in DHS [the Department of Homeland Security], are [similar] to those faced by other [DHS] component leaders. The first one is to make sure that you're able to [perform] our [11] statutory responsibilities. We have a lot of mission requirements probably considered by most Americans to be outside the scope of what would be considered homeland security. For instance, this includes ASA [American Sailing Association] navigation on the Mississippi River, breaking ice in New England in the winter, and providing access to polar areas with icebreakers—not considered homeland security, but part of our mission set. Being able to meet all statutory responsibilities while also being effective in the department is a challenge.

The second [challenge] is bringing a number of mature organizations into a new department and integrate how they work together. The first part of this is operations, creating a process where we have a "one DHS" approach to how we work. The third challenge is integrating the backroom processes, human resources, and financial management.

## Coast Guard History

The Coast Guard is an amalgamation of five formerly distinct federal services.

- **1789:** U.S. Lighthouse Service established under the control of the Treasury Department.
- **1790:** Congress authorized the creation of the Revenue Cutter Service to enforce customs laws under control of the Treasury Department.
- **1838:** Steamboat Inspection Service established.
- **1848:** Congress appropriated funds to pay for lifesaving equipment to be used by volunteer organizations.
- **1852:** Steamboat Inspection Service moved under the control of the Treasury Department.
- **1878:** U.S. Life-Saving Service established as a separate agency under the control of the Treasury Department.
- **1884:** Bureau of Navigation established under the control of the Treasury Department.
- **1915:** President Woodrow Wilson signed into law an act that combined the Life-Saving Service and Revenue Cutter Service to form the Coast Guard.
- **1917:** With the declaration of war against Germany, the Coast Guard was transferred to the Navy Department.
- **1919:** Coast Guard reverted to Treasury Department.
- **1932:** Steamboat Inspection Service and Bureau of Navigation combined to form the Bureau of Navigation and Steamboat Inspection.
- **1936:** Bureau of Navigation and Steamboat Inspection Service became Bureau of Marine Inspection and Navigation.
- **1939:** Lighthouse Service became part of the Coast Guard.
- **1941:** President Roosevelt transferred the Coast Guard to Navy Department control.
- **1942:** Bureau of Marine Inspection temporarily transferred to the Coast Guard.
- **1946:** Coast Guard returned to Treasury Department control.
- **1946:** Bureau of Marine Inspection abolished and its operations became a permanent part of the Coast Guard.
- **1967:** Coast Guard is transferred from the Treasury Department to the Department of Transportation.
- **2003:** Coast Guard transferred from the Department of Transportation to the Department of Homeland Security.
- **2004:** Sector Commands created throughout the Coast Guard by integrating Groups, Marine Safety Offices, Vessel Traffic Services, and in some cases, Air Stations.
- **2006:** Sector Commands established.

*Source: U.S. Coast Guard, uscg.mil*

“What I’m really trying to do is create a change-centric organization that continually adapts to its environment...An enduring legacy that I would like to leave is that we have [created] a Coast Guard that was capable of sensing changes in demand and proactive in doing what this country needs us to do.”

— Admiral Thad Allen

### On Coast Guard Modernization

When I was interviewed by [then] Secretary [Michael] Chertoff to be the commandant, I proposed to him that I would undertake some sweeping changes in the Coast Guard. This ultimately has become known as modernization. For many years, we’ve wrestled with some very tough problems around the command and control, logistics and maintenance, and mission support. My goal was to put that all together in a comprehensive plan on how to reposition the Coast Guard, so we’d be more flexible and agile moving into the 21st century. To be capable of sensing more nuanced changes in mission demand and demands for our services. It really is an effort to create a change-centric organization that’s more adaptable.

There have been many times in the history of the Coast Guard where it has adapted to change—making significant changes in reaction to its operating environment. I think sometimes, after a couple of generations, we forget it. Sometimes we lose the courage to believe ourselves. I’ll give you a couple of examples. One was in the late 19th century, when we had a fundamental decision to shift from sail to steam [powered] craft. This new technology was not well understood. Many weren’t in favor of it. Probably, the biggest game changer—short of what’s happened in the last 20 or 30 years with information technology—was the introduction of wireless telegraphy. Most people don’t realize it, but the

Coast Guard was the first to use wireless ship-to-shore telegraphy in support of law enforcement operations in the late 19th century [to combat] the opium trade. I’d like to create a Coast Guard that continually remembers, senses the environment, and changes incrementally—rather than every 10 or 15 years doing chainsaw surgery.

When a new commanding officer comes on board, he usually issues what’s called a commander’s intent. I issued 10 commandant intent action orders that cover everything from looking at our acquisition program to achieving a clean financial audit to taking a look at our reserve program. I issued those orders to establish the top-level goals or framework that we needed to drive [change]. We’re well on our way to achieving it.

### On Leveraging Web 2.0 and Social Networking Technologies

I’ve been following the evolution of both social networking theory and information technology for quite some time. Over a year ago, it became very apparent that the new [so-called] digital natives were coming into the Coast Guard. They were coming from a different social atmosphere, if you will. [In response], we decided to start a series of experiments that kind of took hold and became permanent operations. A year ago April, we set up a Facebook page for me, so I could experiment with it. It became so popular that I needed an official Coast Guard Facebook page. We created an official commandant’s Facebook page, where you sign on as a fan rather than [as] a friend, so we could manage it better.

The real breakthrough, though, came last fall when we completely changed our website. [We introduced] the Commandant’s Corner. We also established a commandant’s blog: iCommandant. To date, we have well over 300 posts [to that blog]. It is a way I can communicate with the general public and my own people on strategic issues. When I’m traveling, focusing on things that are important, I can [update folks through the blog]. I also have guest [bloggers] post. It’s been a terrific way to expand the discussion, create more inclusiveness about what we’re doing, solicit stakeholder input, and move beyond some of the traditional [ways to communicate]. It’s still a work in progress. It’s still going to evolve, but we’re very encouraged by where we are right now.

U.S. Coast Guard photo by Petty Officer Sherri Eng



Admiral Allen talks to San Francisco Bay Area personnel about the Coast Guard's transformation and modernization.

## Web 2.0 and the Coast Guard



The Coast Guard's Web 2.0 strategy centers on how it can use these technologies (e.g., social networking sites, wikis, blogs, and podcasts) to improve its missions and operations; provide transparency to the public and interact with constituents; and enhance information sharing and collaboration within the Coast Guard and with partners.

Admiral Allen led the Coast Guard into the social web foray through personal example. In September of 2008, he published an informal yet effective video on YouTube laying out his "Social Media Initiative." You can find Admiral Allen online at the Commandant's Corner (2.0) and read his regular posts at iCommandant The Web Journal of Admiral Thad Allen. You can even find him online via the Admiral Thad Allen Facebook page. On Twitter, the Coast Guard has witnessed dozens of official and unofficial Twitter accounts emerge. In Admiral Allen's leadership by example, we've witnessed an explosion of Coast Guard engagement across the social web. And this is a lesson for all military and national security organizations. Leaders at the top of the enterprise must embrace the social web through personal example.

## On the Importance of the Arctic and the Ocean Policy Task Force

We've traditionally operated in Arctic regions, but the requirement for our services is changing dramatically. We have authorities and jurisdictions in the territorial sea and the exclusive economic zone. Any problem we have in the lower 48 [states], we'll have in the Arctic. This includes managing fish stocks, enforcing fisheries laws, search and rescue, environmental response, and law enforcement. The biggest change is the retreat of the ice in the summer; it's retreating further to the North Pole. We're seeing more open water than before. This has significant implications for the Coast Guard. What we have done for the last two to three years is move helicopters, small boats, and cutters up to the north slope of Alaska. It is to provide not only a presence but to start testing the capability of these platforms in this environment. We operate three icebreakers; two of them are over 30 years old. There's a public policy question looming about what to do with the current icebreakers, whether they should be replaced. This summer, we had an extraordinary opportunity. I was able to engage members of the new administration and received unqualified interest in going up and learning more about the Arctic. Along with this, the president signed

a memorandum that created an interagency task force on ocean policy. The two came together as we planned our trip to the Arctic. It actually came about when I had met Carol Browner [director, White House Office of Energy and Climate Change Policy] at a social event. We started talking about the need to go to the North Slope. The people that went on the trip with me were Nancy Sutley, chairman of the Council on Environmental Quality; David Hayes, deputy secretary of the Interior; Jay Reich, deputy chief of staff to the secretary of Commerce; Jane Lubchenco, under secretary of Commerce and administrator of NOAA [National Oceanic and Atmospheric Administration]; and Heather Zichal, deputy advisor to the president for energy and climate change. This trip was an unprecedented opportunity. We learned some new things, and I think it was a very eye-opening experience for all of us. We went to some very small, isolated villages in Alaska. Where they were once protected by ice, some of these coastal communities are now subject to large wave heights and wind-driven waves.

As I mentioned, the president signed a memo in June that established the Interagency Task Force on Ocean Policy. The memo asked for four things, and three of those things are



## Arctic Impact



U.S. Coast Guard photo by Petty Officer Second Class Prentice Danner.

The Coast Guard Cutter HEALY (WAGB – 20) is the United States’ newest and most technologically advanced polar icebreaker.

The HEALY is designed to conduct a wide range of research activities, providing more than 4,200 square feet of scientific laboratory space, numerous electronic sensor systems, oceanographic winches, and accommodations for up to 50 scientists. The HEALY is designed to break 4 ½ feet of ice continuously at three knots and can operate in temperatures as low as -50 degrees F. The science community provided invaluable input on laboratory layouts and science capabilities during design and construction of the ship. At a time when scientific interest in the Arctic Ocean basin is intensifying, the HEALY substantially enhances the United States’ Arctic research capability.

As a Coast Guard cutter, the HEALY is also a capable platform for supporting other potential missions in the polar regions, including logistics, search and rescue, ship escort, environmental protection, and enforcement of laws and treaties.

nearly complete and the fourth remains to be done. The first was to actually write a national ocean policy that takes a comprehensive look at our oceans: how they should be managed, setting forth the vision and the objectives that we’re trying to achieve. The second was to talk about governance: how we actually manage these activities within government. Who should be responsible, how do we coordinate across agencies, and how to we ensure that the policy will [be implemented]? The third was an implementation plan, establishing things to do and an action plan to carry it out.

The fourth, and most challenging, is something called a Marine Spatial Planning. It is an attempt, in the next 180 days to establish a framework or a concept by which we can have rational planning on how we use our oceans. There are other parts of the world where they treat their oceans as a whole entity—it’s called ecosystem-based management. This is an effort to come up with a more rational way to understand the value of our oceans.

### On the Future of the U.S. Coast Guard

It really relates to repositioning the service to be more flexible and agile in our current operating environment. What

I’m really trying to do is create a change-centric organization that continually adapts to its environment. That is a much more daunting task. To change how we think, how we act, how we interact with our environment, and fundamentally change our business processes is really what we’re doing right now. An enduring legacy that I would like to leave is that we have [created] a Coast Guard that was capable of sensing changes in demand and proactive in doing what this country needs us to do. ■

To learn more about the United States Coast Guard, go to [www.uscg.mil](http://www.uscg.mil)



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# A Conversation with Dr. Robert D. Childs

## Senior Director, Information Resources Management College, National Defense University



*In the corporate world, and throughout the federal government, information is a very valuable asset. Having timely access to this information, and using it to inform strategic decision making, have become critical in today's competitive, networked, and interconnected world. Information technology (IT) plays a central role in making this happen. We spoke with Dr. Robert D. Childs, senior director, Information Resources Management (IRM) College, about the mission of the IRM College, its successes, its cultivation of the next generation of IT leaders, and its expanding partnerships.*

### On the Mission and Evolution of the IRM College

We've completed celebrating our 20th anniversary last September [2008]. It made us think about a lot of things that have gone on in the past and how it has very much paralleled [changes] in society. We started thinking about what we really do, and we came up with the line, "Shaping the Future." We put that in our catalog, and then we talked more about what does "Shaping the Future" mean? What do we really do with our classes and our programs? We discovered that what we're really doing is crossing boundaries—inter-agency boundaries, international boundaries, and boundaries with the private sector.

Building communities of like-minded people was the second thing that we do—and by [extension] we transform organizations. We're organized to really be flexible, innovative, creative—and be a hothouse for ideas that address the concerns of leaders in the information age.

From the very beginning, we set out to do four things. The first was: be a distinctive institution—be unique. We visited [and] benchmarked against other colleges, other universities, and other institutes such as the London School of Economics. I went to Singapore, different institutions in Europe, and tried to learn how we could take their practices and use them. What I found out is, we were very unique already.

Point two is: focus on the customer, either individuals or organizations. The third point is to secure and sustain the allegiance of DoD (Department of Defense) and the federal



community. If you don't have allegiance, if you don't have money coming in, you can't sustain your programs. Since then, we've added the private sector and international partners. The last one: achieve national and international recognition. Some people say, "Well, why are you concerned about that?" Well, it's the fastest way to get attention and to let other people know what you have and what you can contribute.

### On Leading the IRM College

First and foremost, it's about running a quality institution. I turned the academic programs over to my academic team [leader], Dr. Elizabeth McDaniel, who does an exceptional job in that area. We have a number of different programs, but my job is to push the boundaries. The areas I'm working on most right now are in the international area. We have coalition partners, allies, and friendly countries; it's a form of "soft power." When you can help your allies and friends, working on interoperability and making their processes and procedures better, you're not only helping them, you're helping this country in the national security arena, too. I'm also spending a lot of time and energy with the private sector

“How do I see the future? I think it’s going to be totally mobile, incredibly compact, ridiculously ‘nano-tiny,’ and eye-wateringly powerful. And everything around you that you see will become ‘hyperized,’ socialized, ‘networkized,’ and virtualized.”

— Dr. Robert D. Childs

with our labs. The private sector is donating and loaning equipment, which federal employees wouldn’t get to see otherwise. We put it in our information labs, our technology labs, our information assurance labs, and our crisis management labs. I’m the cheerleader. I’m out there with enthusiasm, pushing, saying: “Get on the bandwagon, we have something good to offer.” I’m the salesman. To be quite blunt, wanting to be the best is what drives me daily. I want the institution to be the best. I want people who are passionate about their work. I want the college to contribute to national security.

### On the Chief Financial Officer’s (CFO) Academy

I’d like to tell the CFO Academy story. The history of the IRM College is one of individual faculty members going out and doing things, making connections, and using their expertise. In this case, Dr. Jay Alden went out and talked to Linda Combs [then Controller of the Office on Management and Budget (OMB)]. Linda Combs suggested that CFOs

needed to understand many of the strategic leadership concepts that the IRM College was teaching. We then went to Tina Jonas (then the DoD comptroller), who was very interested in establishing a CFO Academy, and lo and behold! When you overlay the competencies of a CIO (chief information officer) and a CFO, many are much the same. There are plenty of budgeting schools and schools that teach the budgeting function, but there was no place where federal CFOs learn to understand and use information and IT to become strategic leaders. What better place to meet and learn what CIOs are thinking and CFOs are thinking than by putting them together in classes and letting them work together and think about these things. That’s how it came together. I’m back to one of our core principles: crossing boundaries.

It’s about strategic leadership. Technology is only a small part. The job of using and moving information is critical. You have to become strategic thinkers.

### IRM College Laboratories



The IRM College laboratories support experiential learning and advance knowledge in information assurance and security, as well as in gaming and simulation. IRM College’s laboratories offer demonstrations of information security and assurance; powerful hands-on learning in biometrics, hacking prevention, wireless applications, control systems, voice over Internet protocol (VOIP), digital forensics, and radio frequency identification (RFID); and mobile information assurance laboratory, simulations, gaming, and crisis management capabilities.



The NavSea Naval Undersea Warfare Center on Second Life.



The U.S. Air Force My Base on Second Life.

## On Advancing Virtual World Technologies and Cloud Computing

[Our] Information Leadership Symposium actually grew out of our 20th anniversary. We thought: How can we highlight our faculty and expertise? How can we address those issues many people want to know about? Last year, we picked three areas: “Cyber Security, The Privacy Aspect of IT;” “Virtual Worlds;” and “Web 2.0.” What we did is we looked out and we said, okay, who is doing something in these areas?

In 1996, we had what we called a virtual reality center called the Decision-Room-Incorporating-Virtual-Reality (DRIVR). We were ahead of our time. The big one you hear about most of the time is Second Life because, literally, you can go have a second life. There are many ways that virtual technology can be used. You can depict the real world, you can have simulations with multiple players—but these have to be rule-based, they have to have actions, and the big deal, I think, for government is the community that takes place within these virtual worlds. It’s a synthetic environment, where you’re totally immersed. I’ll give three quick examples of its use in the [armed services]. The [Naval] Undersea Warfare Center is using it. They have an electronic library in there and they have underwater exhibits. TRADOC is using it in their Virtual Warrior University and with their Active Worlds. The U.S. Air Force is using something called My Base, and it’s an environment where they plan to have the future of all their education and training.

Cloud computing is not necessarily new. In fact, I had been pushed by my faculty for the last 15 months to put on a symposium on cloud computing; I resisted. I wasn’t sure

what it was. Since then, you can’t pick up a magazine or a publication without talking about cloud computing. In cloud computing, computing becomes like a utility. Right now, you have your desk, you have a hard drive, and you’re now using all that capacity. The idea is, one, you’ll go in and buy capacity. It can either be hosted by your organization in a private cloud or it can be in a public cloud. To my way of thinking, it compartmentalizes services, applications, and social media. It allows you, using the “thin client,” to literally deliver all these services anywhere as long as you have a common access card. There are concerns, however, having to do with security, control, bandwidth, and composition—e.g., public, private, or hybrid.

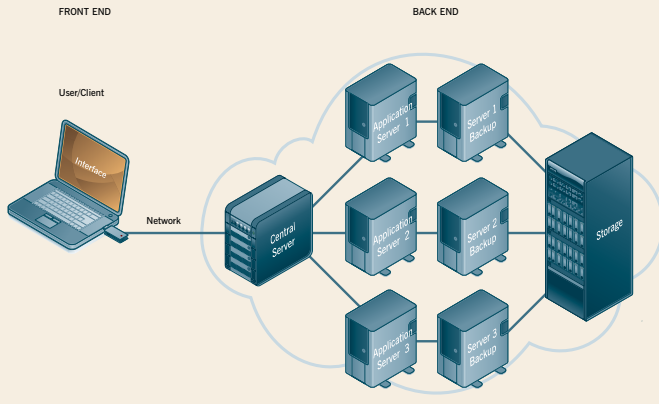
## On Technologies Shaping the Classroom and Workplace of the Future

I think the classroom of the future and the workplace of the future are almost one and the same thing. We have to tie it to the lifestyle that people want. You have to give them the collaboration tools so they can do their jobs. I had a faculty member on the beaches in Hawaii conducting his distributive learning classes. I mean, why does he have to be in a classroom or in an office to do that? He has his computer, he has his students connected, so that’s all he needs.

There are other technologies that we’ve run into. They tie into a number of things we’re trying to do at our labs. Telepresence is one; it is such an improvement over video teleconference. You really can be there. We’re using telepresence to project our faculty expertise to conferences we’re going to put on and courses we’re going to offer around the world.



## Cloud Computing Basics



Cloud computing is loosely defined as a style of computing in which dynamically scalable resources (such as CPU, storage, or bandwidth) are provided as a service over the Internet. It is a new consumption and delivery model inspired by consumer Internet services. The entire process of requesting and receiving resources is typically automated and takes minutes. A cloud typically contains a significant pool of resources, which could be reallocated to different purposes within short time frames, and allow the cloud owner to benefit significantly from economies of scale as well as from statistical multiplexing. Cloud services today are delivered in a user-friendly manner and offered on an unprecedented scale. The payment model is pay-as-you-go and pay-for-what-you-use, eliminating the need for an up-front investment or a long-term contract.

Most of what has been publicized about cloud computing is about public cloud-based services. Public cloud services are characterized as being available to clients from a third party service provider, via the Internet. The term “public” usually implies that the services are accessible by anyone via the “public” Internet, but it does not mean that the cloud services are free, even though they could be fairly inexpensive to use.

**Source:** IBM Cloud Computing, Bluepedia 2009

Some other things that we’ve run into that were important [are] the ultramobile personal computers. These are small computers that have tremendous power. You can hold [them] in one hand, and these are really important for unmanned vehicles and submarines. We started working with a group called OKEO to do that.

Nine to 10 years ago, PDAs (personal digital assistants) weren’t that big a deal. I think we have to look at all these things that are coming out and [their] dramatic impact—tying them to the new generation that uses them, tying into the mobility that it gives us, and tying into the workplace [and classroom] of the future.

## On Building and Expanding Partnerships

For many years, as the academic dean, I was encapsulated and focused on programs. We started with academic partnerships. It’s like anything else: the more people you’re connected to, the better you can do. Partnerships are central to what we’re doing. In the private sector, we have over 30 partners now. I would say, [regarding] partnerships: it’s hard. Building a relationship, like a marriage, takes a lot of work on both sides. There [have] to be mutual interests. You have to put time into it. I think the rewards are unbelievable, and it spreads. One partner leads to another partner leads to another partner, and [then] you have a number of smart faculty members out making connections (e.g., Jay Alden and Linda Combs’ CFO Academy effort).

The big thing for me is to decide what partnerships are worth our time and how much energy to put into it. Obviously, we’re pushing the interagency, international, and private sector areas. We are looking to expand internationally. It’s a connected world. We have to do things together; we have an aggressive outreach program. We plan to offer conferences in the Middle East and in Asia during the next 12 months.

Let me give you a couple vignettes of things that have happened. We had some students from Romania. They really liked what we were doing. They came back to us after their 10-month program at [the] National War College was completed. They said, “We need an academy that deals with CIO competencies in our country. Can you help us?” We helped them set up a CIO academy, which other Europeans attend. As a result, we are now getting students from Bulgaria, Georgia, the Czech Republic. The same thing happened with Sweden. We had a student attend our 14-week Advanced Management Program. He convinced the Swedish government that there were areas we teach in information assurance [that are] absolutely critical to Sweden. Consequently, I have a team of four faculty members [who] are teaching over in Sweden. We’ve had a number of students from Singapore.





Classroom of the future: advancing telepresence.

They talked to other people, and now we're hearing from Japan and South Korea. It seems that, once somebody finds out about us, it tends to spread [from] person to person.

The one thing I've learned is [that] nobody will come and do a story on an educational program. That's not exciting. However, if you put on a cloud computing conference, a symposium on cyberspace, have labs that are the best, that show the latest and greatest technology, then people become interested and they write stories. Other people read those stories and then they say, "How can we learn about it?"

### On the Future of the IRM College

I want to [share] a quote. I was asked to diagram my vision for the future, and I described it as such:

"It is a series of at least 10 interconnecting cross-roads, all meeting at the hub of an English-style roundabout. The titles of the roads were Defense, Policy, Economics, Government, Private Sector, International, Interagency, Business Processes, Best Practices, and Emerging Technologies. Every road was chock full of speeding and honking traffic and [great] potential for collision or collaboration. I was the cheerleading cop at the middle of that traffic circle, swinging my arms, shaking my body, and blowing the whistle. I had total confidence I was about to orchestrate a world-class symphony, and I can't blame the diagram on exuberance of youth because it happened just a few years ago."

Well, there's a lot going on. My job is to create an environment so that IRM's creative faculty and staff can bring these things together.

How do I see the future? I think it's going to be totally mobile, incredibly compact, ridiculously "nano-tiny," and eye-wateringly powerful. And everything around you that you see will become "hyperized," socialized, "networkized," and virtualized. ■

To learn more about the Information Resources Management College, go to [www.ndu.edu/IRMC](http://www.ndu.edu/IRMC)



To hear *The Business of Government Hour's* interview with Dr. Robert D. Childs, go to the Center's website at [www.businessofgovernment.org](http://www.businessofgovernment.org).



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# Carolyn M. Clancy, M.D.

Director, Agency for Healthcare Research and Quality  
U.S. Department of Health and Human Services

*By Michael J. Keegan*

## Leveraging research into healthcare quality, costs, outcomes, and patient safety


Healthcare remains one of the most pressing issues of today, with a system mired in ever-increasing costs, inconsistent quality, and access pressures. Many of the healthcare reform proposals being reviewed in Congress attempt to remedy one or more of these issues. Research continues to identify ways to improve the quality and safety of healthcare, ensure access to care, increase the use of health information technology (IT), and find new ways to translate clinical research into practice. For the last 20 years, the Agency for Healthcare Research and Quality (AHRQ), an agency within the U.S. Department of Health and Human Services, has continued to play an integral role in support of such research. “The mission of the Agency for Healthcare Research and Quality,” explains Dr. Carolyn Clancy, director of AHRQ, “is to improve the quality, safety, efficiency, and effectiveness of healthcare for all Americans. We pursue this goal by supporting research and working very closely with those who provide care—clinicians of all disciplines—as well as with patients and policymakers, so that they can use information to improve the delivery of healthcare.”

Dr. Clancy manages a broad portfolio of scientific research that promotes enhancements to clinical and health system practices. She does this with a budget [excluding the 2009 American Recovery and Reinvestment Act (Recovery Act) funds] of over \$370 million (fiscal year 2009) and a staff of 300. “About 80 percent of our budget goes to grants and contracts with many academic institutions, community health centers, and hospitals focusing on improving healthcare. We now fund work in almost all 50 states,” explains Clancy. She describes her main responsibility as one of ensuring that all parts of AHRQ work together. “My day-to-day work,” notes Clancy, “is actually communicating what it is that we’re trying to do—connecting the dots between the research we’re supporting and healthcare you’re going to get.” AHRQ comprises

five research centers and three offices, but she states that, “We really organize our work around portfolios: comparative effectiveness; patient safety and quality; health IT; improving value in healthcare; prevention and care management; and innovations.”

The U.S. spends more on healthcare than any other nation, yet numerous studies have found that there is really no relationship between spending and the quality of care. “I think the best definition of healthcare quality is the right care, for the right patient, at the right time, every time,” says Clancy. For Clancy, it is critical to make sure that “what we do for patients matches their needs and preferences and actually helps them to get on with their lives.” Comparative effectiveness research (CER)—systematic research that compares different interventions and strategies to prevent, diagnose, treat and monitor health conditions—offers much promise. According to Dr. Clancy, the purpose of this research is to inform patients, providers, and decision makers by responding to their needs about which interventions are most effective for patients under specific circumstances. The Recovery Act allocated about 1.1 billion dollars for CER, with some \$300 million allocated to AHRQ’s already-established CER portfolio. “We live in a very exciting time,” admits Clancy, “because of all of the advances in biomedical science. More and more, it’s not the case that there’s one thing to do for a particular condition—there are multiple choices. How do you make those choices?” CER is looking to fill that gap. “We think this research will help make sense of all of the rapidly expanding options and innovations in medicine. It’s all about focusing on patients’ needs, and applying the best of science to meet those individual needs,” says Clancy.

As the nation’s lead research agency on healthcare quality, safety, efficiency, and effectiveness, AHRQ plays a

A woman with short, dark, wavy hair is shown from the chest up, wearing a bright blue blazer. She is looking slightly to her left with a focused expression. Her hands are raised in front of her, with fingers spread, as if she is in the middle of a conversation or presentation. She is wearing a small, dark, teardrop-shaped earring and a thin necklace with small, dark beads. The background is a blurred outdoor setting with a light-colored wall and some greenery.

"I think the best definition of healthcare quality is the right care, for the right patient, at the right time, every time."





“The mission of the Agency for Healthcare Research and Quality is to improve the quality, safety, efficiency, and effectiveness of healthcare for all Americans.”

critical role in the drive to adopt health IT. “I think many people don’t grasp that healthcare today is, by and large, a paper enterprise.” Her agency funds research that identifies ways to expand health IT adoption and use. It seeks to identify best practices for making health IT work and tools that can help hospitals and clinicians successfully adopt it. According to AHRQ-funded research, electronic health record adoption continues to increase slowly. The initial capital investment continues to be a significant barrier to adoption. “We believe,” asserts Clancy, “that health IT can improve the quality of care. ... It makes it possible for us to actually create what some have called “learning healthcare systems,” so we can understand what has happened as a result of a new treatment, which patients have benefited, and which have had side effects. At the same time, it can deliver customized information to the point of decision making, based on scientific evidence. That’s our goal, and we are very excited about it.”

According to the Centers for Disease Control and Prevention, nearly 2 million patients suffer from a healthcare-associated infection in U.S. hospitals each year, resulting in 99,000 deaths and annually incurring an estimated \$28-\$33 million in excess healthcare costs. AHRQ funds research that aims to identify risks and hazards leading to medical errors, while seeking to find ways to prevent patient injury associated with delivery of care. “This is a growing problem,” admits Clancy, “We’ve seen people suffering serious consequences because of these infections, which are largely avoidable.” Clancy describes the Michigan Keystone ICU Project as a successful example of how to foster a culture of patient safety. It is a joint partnership between Johns Hopkins University and the Michigan Health and Hospital Association, funded by an AHRQ grant. “We supported a team from Johns Hopkins,” notes Clancy, “They focused on reducing serious bloodstream infections, using some relatively straightforward steps that can actually reduce the infection rate dramatically.” The project worked to ensure that clinicians use a checklist when performing actions such as inserting catheters into ICU patients. This project has reportedly led to a 66 percent reduction in ICU catheter-related bloodstream infections throughout the state, saving more than 1,500 lives and \$200

million in its first 18 months. With such success, the project received the 2009 Eisenberg Innovation in Patient Safety and Quality Award. “It is probably the single largest example of success to improving quality and safety. There are very important lessons to be learned from it,” says Clancy.

AHRQ-funded research means little until its findings and lessons learned are disseminated. Dr. Clancy declares that the ultimate goal is to translate AHRQ’s research findings into clinical practice—hopefully resulting in healthier, more productive individuals and an enhanced return on our nation’s substantial investment. “We work extensively to communicate what we’re doing and to disseminate it in practical ways. We do a lot of work, in terms of direct outreach to the media, publishing in scientific peer review journals. We also work with the Ad Council, to inform patients to ask questions, because we know that patients who are active in managing their own health and healthcare tend to have better outcomes than those who are more passive.” AHRQ also leverages social media tools—such as Twitter, RSS feeds, or podcasts—encouraging people to share information, collaborate, and interact. Clancy points out that these tools reinforce and personalize health messages, reach new audiences, and build a communication infrastructure based on open information exchange. “There’s no media that we won’t take advantage of,” declares Clancy. In the end, it’s about getting that research out in order to improve the quality, safety, efficiency, effectiveness, and cost-effectiveness of healthcare for all Americans. ■

To learn more about the Agency for Healthcare Research and Quality, go to [www.ahrq.gov](http://www.ahrq.gov)



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# Rear Admiral Christine S. Hunter, M.D.

Deputy Director, TRICARE Management Activity  
U.S. Department of Defense

*By Michael J. Keegan*

## Providing care to military personnel and their families

The provision of healthcare services is a critical mission for the U.S. Department of Defense (DoD) and its military health system (MHS). It goes to the core of military readiness. From frontline combat support hospitals to its TRICARE program, the MHS provides care to its troops and their families on multiple fronts. “The [MHS], the entire system,” explains Rear Admiral Christine Hunter, M.D., deputy director, TRICARE Management Activity, “exists to provide health services in support of our nation’s military mission. We say ‘anytime, anywhere,’ and more recently, ‘whatever it takes, wherever it takes us.’”

With close to 9.5 million in beneficiaries and a budget in the tens of billions of dollars, Hunter manages a TRICARE program that plays an important role in having an MHS that is fully integrated. The centerpiece of the MHS is the military hospitals and clinics—what is called the direct care system—places where military medical providers deliver care, where they train for their readiness mission, where they take care of families and provide care on bases and stations around the world. “Complementing the direct care system,” notes Hunter, “is a family of contract-type products in which we use civilian medical resources to provide care, either where military care is not accessible, where we are not physically present, or where there are additional services that we would like to provide to enhance our benefit program.” TRICARE is the healthcare program serving active duty service members, National Guard and Reserve members, and retirees as well as their families, survivors, and certain former spouses worldwide.

Care is delivered through what Hunter calls a TRICARE family of products. They range from a health maintenance organization option with TRICARE Prime, to a fee-for-service option with TRICARE Standard, to a preferred provider option under the TRICARE Extra program “In addition, we have

dental plans. Our TRICARE for Life plan is essentially a wrap-around to Medicare for those who are over 65. We have our newest addition to the family of plans, our TRICARE Reserve Select,” describes Hunter.

Recently, TRICARE Management Activity selected contractors for its Third Generation (T-3) managed care support services contracts. “We divide the nation into three regions—north, south, and west. Contractors bid a package of healthcare and services that will complement our military direct care system in those areas and take care of patients who don’t live in close proximity to a military base or facility,” explains Hunter. These new contracts are set to focus on a more holistic pay-for-prevention approach, improved disease management, greater patient choice, improved information exchange, and financial incentives to mitigate fraud, waste, and abuse. “The goal,” says Hunter, “is to provide the best care and services, access whenever and wherever you need it, and with this new generation of contracts, to really focus on health and prevention.” For those who are healthy, “we want them to stay healthy. We have put in financial incentives for the contractors to do needed health screenings, and to offer immunizations and well-child checks.” It also seeks to implement more comprehensive disease management programs than were in the last generation of contracts. “If you have asthma, congestive heart failure, or diabetes,” says Hunter, “then we want to partner with you to manage your health and to optimally use all the healthcare services so that you stay well.”

With the increase in American life expectancy, our healthcare focus has turned from acute diseases to the managing of chronic illnesses. As a result, the focus on prevention and wellness has taken a central role. “We believe that the medical home model is one way to achieve what we call the ‘quadruple aim’ in healthcare,” says Hunter. She is referring



“The goal is to provide the best care and services, access whenever and wherever you need it, and with this new generation of contracts, to really focus on health and prevention.”



“You’re faced with many challenges, but every challenge brings with it an opportunity to learn and combine the talents of the best of the best. We have the best of the best in the [MHS].”

to the Institute for Healthcare Improvements’ Triple Aim, which seeks to improve patient health, enhance the patient experience; and encourage responsible management of the cost. MHS adds readiness to the Triple Aim. “We say ‘readiness plus the Triple Aim gets to the quadruple aim.’ This quadruple aim can be effectively achieved under a medical home model, where a patient has access, continuity of care, a sustained clinical relationship, and coordinated care,” says Hunter. Patients are more engaged in their personal health and care, working with their clinicians to manage chronic conditions and enhance well-being. “We have several medical home pilots,” explains Hunter. The National Naval Medical Center recently began reorganizing its Internal Medicine department into medical home treatment teams. “With such efforts, we can produce the health outcomes and achieve that readiness, plus the Triple Aim.”

The stress of military life can take its toll on the well-being of service members and their families. Recently, the DoD introduced the TRICARE Assistance Program (TRIAP), which leverages evolving telecommunication technologies to bring behavioral healthcare closer to TRICARE beneficiaries. For Hunter, it is the latest innovation in “our desire to bring supportive counseling to everyone who needs it everywhere.” She diagnoses the need for such a service: “Our beneficiaries and their families have been everywhere around the world, subject to the stressors of a brisk operational tempo and repeated deployments that take their toll on both the individual and the family. We’ve encouraged them to come forward if they need counseling, need someone to talk to, are suffering any consequences of what we’ve asked of them or what they’ve given to their country.” Hunter acknowledges that there is a stigma associated with asking for such help. “Many have been reluctant to do so. To walk through the door of a clinic labeled ‘mental health’ is sometimes seen as a sign of weakness.” TRIAP takes it to your home computer. “You can dial in on the web,” explains Hunter, “If you have a web cam, one of the commercial technologies like Skype, then you’re able to access a counselor 24-7, 365.” She points out that this is for supportive counseling only. “[The TRIAP counselors] cannot offer you a medical diagnosis or prescrip-

tion medication treatment. They can refer you to a clinic or to one of our Telemental Health Sites.” She believes that “TRIAP, along with other Telemental Health programs, offers new ways to deal with stressors while they’re at a lower level, in the comfort of our home, or outside of a clinic labeled ‘mental health.’ We hope more people take advantage of these services.”

Rear Admiral Hunter faces many challenges in her new role. Improving beneficiaries’ health and satisfaction is front and center. “I’m a student of Admiral Mike Mullen. When he was chief of Naval Operations, he talked about listening, learning, and leading—in that order—and doing that every day as a leader. His words echo in my mind. I need to learn what these individuals need, what their families need, and what we can provide. My role is to integrate it. It is also to inspire those who report to me to learn more, do more, and be more creative with the tools we have.” Framing her leadership approach is a credo of optimism, opportunity, and innovation: “You’re faced with many challenges, but every challenge brings with it an opportunity to learn and combine the talents of the best of the best. We have the best of the best in the [MHS].” ■

To learn more about the TRICARE Management Activity, go to [www.tricare.mil](http://www.tricare.mil)



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# Jenni Main

Chief Financial Officer, Office of Financial Stability  
U.S Department of the Treasury

*By Michael J. Keegan*


## Managing the Troubled Asset Relief Program

In October 2008, in the wake of a financial crisis not seen since the Great Depression, the Congress enacted the Emergency Economic Stabilization Act of 2008 (EESA) as an attempt to restore liquidity and stability to the financial markets. The act established the Troubled Assets Relief Program (TARP), authorizing the U.S. Secretary of the Treasury to purchase so-called troubled assets, such as mortgage-backed securities. To pursue this new aspect of its mission, the Treasury established the Office of Financial Stability (OFS), which continues to play an integral role in the federal response. “It was created to operate TARP,” explains Jenni Main, chief financial officer (CFO) at OFS. “We have grown substantially over the last year. We’re now at about 200 employees. We’re an emergency program; we need to be very quick and responsive.... It’s a fishbowl environment, and the program has received a tremendous amount of attention from the very beginning, so we need to move with great speed, but we also need to be accurate.” EESA authorized \$700 billion for TARP. “The biggest challenge,” says Main, “is [to combat] that old adage that ‘speed is the enemy of accuracy.’ When you put out \$125 billion in one day you can’t make a mistake—you need to do that perfectly.”

Under the TARP, the Treasury developed a number of programs in an effort to build confidence in financial institutions, restart markets critical to borrowing and financing, and ease housing market woes. “The program I think most are familiar with is the Capital Purchase Program (CPP). It is really the cornerstone of the notion that addressing financial stability starts with the capital market,” notes Main. TARP funds were invested in banks and other financial institutions to increase their capital—to provide what Main refers to as a ‘cushion’ ensuring that the level of capital in banks was sufficient. “We purchased preferred stock in these institutions...

about \$205 billion in over 650 financial institutions and banks around the country,” says Main. She reports that those participating in the CPP are required to pay dividends on the preferred stock at a 5 percent interest rate per year over the first five years, increasing to 9 percent thereafter. By the end of August 2009, the Treasury had received a total of \$9.36 billion in dividends and interest payments.

In conjunction with the CPP, the OFS provided what has been called exceptional assistance. “CitiGroup and Bank of America required additional capital beyond the parameters of the established program. The Targeted Investment Program was established, providing both \$20 billion in additional capital,” notes Main. American International Group (AIG) also received additional assistance—“a \$40 billion investment in the fall followed by a \$30 billion revolving fund provided last spring,” according to Main. The TARP portfolio included special loans to automakers (e.g., General Motors and Chrysler) and their suppliers. It also included support to the asset-backed securities (ABS) market. Investopedia defines an ABS as essentially the same thing as a mortgage-backed security, except that the securities backing it are assets such as loans, leases, credit card debt, or a company’s receivables. Main points out that the market for asset-backed securities is an important source of credit for consumers and businesses. “People were not buying [ABSs] because they were worried about how well they would perform,” says Main. As a result, the Term Asset-Backed Securities Loan Facility (TALF) was created to give investors an incentive to buy such securities. The Federal Reserve Bank of New York, which actually runs the program, makes loans to buyers of ABSs to stimulate consumer and business lending by the issuers of those securities. According to Main, the program received a \$20 billion loan from TARP.



"The biggest challenge is [to combat] that old adage that 'speed is the enemy of accuracy.' When you put out \$125 billion in one day you can't make a mistake—you need to do that perfectly."





“We in the Office of Financial Stability are stewards of the taxpayer’s dollar and are out there doing our best every day on behalf of the taxpayers.”

TARP funds have also support federal mortgage modification programs. “The Home Affordable Modification Program (HAMP) is the key TARP program in the housing area to prevent foreclosure,” says Main. The program provides assistance to up to 3 to 4 million eligible home owners to reduce monthly mortgage payments to more affordable levels, ultimately attempting to prevent avoidable foreclosure. According to Main, \$50 billion of TARP funds will be used primarily to encourage the modification of mortgages not issued by government-sponsored enterprises (GSEs). Fannie Mae and Freddie Mac provide an additional \$25 billion to encourage servicers and borrowers to modify loans through HAMP owned or guaranteed by these two GSEs. Approximately 85 percent of residential mortgages are covered by those participating in HAMP, and as of August 31, 2009, 47 loan servicers have signed participation agreements to modify loans under the HAMP.

“Treasury has announced plans to spend \$644 billion of the \$700 billion. Of that, \$444 billion have been legally obligated and \$365 billion have been dispersed,” notes Main. With such large sums of money going out, it becomes critically important to manage, track, and report on that money. Most of the accounting, financial reporting, and internal controls effort falls under the purview of OFS’ CFO. “TARP is required to be audited by the GAO [U.S. Government Accountability Office] and have stand-alone financial statements that lay out exactly what has happened from a financial and budget perspective. That’s a big part of my responsibility. The big budget items are the investments made under the TARP programs, and the valuation of those investments is a requirement for financial statements—what are the assets worth, and what are our liabilities,” explains Main.

In addition to knowing the price paid for an asset, it is critical to understand and record its valuation. “We have transactions and activities,” Main describes, “that have not been done in any major way in the government before, particularly having preferred stock investments in companies. We also have warrants associated with preferred stock.” Preferred stock is a form of ownership in a company, which is senior to common stock, but junior to debt. A warrant is a security that permits its owner to purchase a specific number of shares of

stock at a predetermined price, one typically higher than the current market price. “EESA requires us to follow the Federal Credit Reform Act when we do the cost estimates for these programs,” explains Main. She points out, though, that the Credit Act was designed around loans and loan guarantees, not preferred stock and other kinds of investments. “We’ve had to think through the budget and accounting structure for these new activities, in an environment where the accounting and budget guidance wasn’t necessarily developed with these kinds of transactions in mind. We’ve spent a lot of time thinking through this with GAO and the Office of Management and Budget,” says Main. To do this, her office has taken the establishment of internal controls very seriously. “It’s not an option with a program like TARP,” declares Main.

“No agency has the level of reporting requirements as does TARP,” says Main. It provides a monthly report to Congress on all of its activity. It submits a tranche report each time the program hits the \$50 billion obligation level. She thinks about the amount of data and information out there and how best to communicate it—to really help people understand what it all means. “We in the Office of Financial Stability are stewards of the taxpayer’s dollar and are out there doing our best every day on behalf of the taxpayers.... I want to encourage everyone to keep watching us at [financialstability.gov](http://financialstability.gov) as we try to improve our transparency and provide more information that people can really understand and use about what we’re doing,” invites Main. ■

To learn more about the Office of Financial Stability within the U.S. Department of the Treasury, go to [www.financialstability.gov](http://www.financialstability.gov)



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# John T. Morton

Assistant Secretary, U.S. Immigration and Customs Enforcement  
U.S. Department of Homeland Security

*By Michael J. Keegan*

## Enforcing the nation's customs and immigration laws

U.S. Immigration and Customs Enforcement (ICE), the second-largest criminal investigative agency in the United States, has a diverse and critical mission. It enforces more than 400 customs and immigration laws, and investigates and dismantles criminal organizations that threaten U.S. national security. "We're a relatively new agency," says John Morton, assistant secretary of ICE, "created in 2003 as a component of the U.S. Department of Homeland Security (DHS), combining elements of the former Customs Service and the [old] Immigration and Naturalization Service."

Morton leads an organization of 20,000 employees, with a budget of \$5.7 billion. "From our very inception, indeed, the department in which we fit, a top priority," explains Morton, "has been the prevention of another terrorist attack on the U.S. From our immediate perspective, that means preventing the entry of terrorists and others who would do harm to us in the U.S." To do this successfully involves the enforcement of all criminal immigration laws, all customs laws, many laws relating to border security, child pornography, sex tourism, and sex trafficking. "We need to establish clear enforcement priorities," Morton asserts. He outlines his priorities: bolstering the investigation and prosecution of major crimes, such as international money laundering and organized crime, weapons proliferation and export controls, human trafficking and child exploitation, intellectual property and counterfeiting, and immigration and identity fraud. His focus also includes reforming the immigration detention program, pursuing work site enforcement, strengthening border security, raising morale, and managing ICE resources prudently and efficiently.

With such a focused and ambitious vision, Morton recognizes that to be successful will require partnership among various federal and international organizations. ICE's Border Enforcement Security Task Forces represent an innovative

model for collaborative law enforcement. They are a series of multiagency task forces developed as a comprehensive approach for identifying, disrupting, and dismantling criminal organizations posing significant threats to border security. "What is innovative about them," explains Morton, "is that they are truly interagency collaborations—not only interagency, but international. We have partners from all across federal, state, local, international law enforcement, coming together to focus on serious organized crime along the border." The task forces are designed to increase information sharing among the agencies combating the threat on both sides of the border. This coordinated approach has had much success. For example, in fiscal year 2008, the teams were responsible for a total of 1,000 criminal arrests and 1,256 administrative arrests—a 35 percent increase over the previous year's total. "The concept," asserts Morton, "has worked extremely well. We've expanded it to the northern border and ports."

ICE's partnerships also include working with state and local law enforcement authorities to locate and remove criminal aliens under the 287(g) program. "This program," admits Morton, "is poorly understood ... it is named after a provision in the law that allows the DHS, through ICE, to delegate certain immigration enforcement powers to ... state and local law enforcement.... State and local law enforcement have to apply to ICE for authority to carry out immigration enforcement, and ICE has to agree." Morton notes that the program has received criticism from the Government Accountability Office, saying that it lacked sufficient oversight and that state and local law enforcement lacked clear guidance in its administration. "We issued new guidelines for this program," explains Morton, "We created a standard 287(g) template that will govern all future activities under the program. We've decided to focus the program, first and foremost, on the



“It’s all about how we can leverage additional resources in state and local communities to attack problems of mutual concern, namely, people who are here unlawfully and are committing crimes.”



"From our very inception, indeed, the department in which we fit, a top priority has been the prevention of another terrorist attack on the U.S. From our immediate perspective, that means preventing the entry of terrorists and others who would do harm to us in the U.S."

identification and removal of criminal aliens. In a world of limited resources, we need to focus on the worst of the worst first. It's all about how we can leverage additional resources in state and local communities to attack problems of mutual concern, namely, people who are here unlawfully and are committing crimes."

ICE also manages one of the largest, most transient, and [most] diverse detainee populations in the U.S. "We run a very large detention system," says Morton. "On any given day," he points out, "we have about 32,000 people in custody, an average of about 400,000 people a year. We detain those people in over 350 facilities throughout the U.S. Most of those facilities are actually city and county jails or private contract facilities." Morton explains that immigration detention is a civil function, not a penal function, but over the years the system has become more dependent on excess jail space. "I have fairly aggressive plans," asserts Morton. "I want to deal with that problem in a very open and forthright way. Given the amount of money we spend on detention, we ought to have detention facilities that are designed for the particular populations that we detain. This is about designing a more efficient and well-designed civil immigration detention system." Morton expressed his commitment to enhance the oversight of the detention program while also ensuring that people in custody receive quality medical care. To that end, ICE has established the Detention Facilities Inspection Group (DFIG) that conducts independent assessments of facilities used to house ICE detainees.

ICE is also making significant progress in fighting modern day forms of slavery. According to the U.S. Department of State, an estimated 800,000 men, women, and children are smuggled across international borders every year. Many of these victims are subsequently trafficked into prostitution or other forced labor situations. "I think that human trafficking is one of the great challenges of our time—a very serious problem," says Morton. "We work very closely with the Department of Justice to investigate and prosecute these cases. We have the Human Smuggling and Trafficking Center. ICE is the chair of that center, and is devoted to identifying the groups and

routes that are used to traffic people into the U.S.—combining federal resources to go after this pernicious, illegal activity."

The opportunity to work is a powerful magnet that draws people to the U.S. illegally. ICE continues to pursue a focused strategy to deter unlawful employment of illegal workers. "I want to make a real change in the practice of employers. We're going to do that through investigation and [prosecution] of employers who knowingly violate the law," says Morton. In FY08, ICE work site enforcement actions resulted in 1,103 criminal arrests and 5,184 administrative arrests—taken together, a 27 percent increase over the previous year. "At the very same time," admits Morton, "I want employers, who are trying to comply with the law, to look upon [ICE] as a partner. The Electronic Verification Program (E-Verify) is an important part of that. It allows employers to verify whether someone whom they are hiring has work authorization," explains Morton. He points out that the country is better served by voluntary compliance rather than "as a result of special agents going out, executing search warrants, or bringing charges against [employers]."

For Morton, the overall priority for ICE is to faithfully and efficiently enforce the laws and responsibilities that are assigned to it by Congress. "When you're the leader of a relatively new organization," reflects Morton, "you also have very significant responsibilities to further its seasoning process, to be a champion for its employees who are in the field trying to do good work every day. I take that role very seriously." ■

To learn more about the U.S. Immigration and Customs Enforcement, go to [www.ice.gov](http://www.ice.gov)



To hear *The Business of Government Hour's* interview with John T. Morton, go to the Center's website at [www.businessofgovernment.org](http://www.businessofgovernment.org).



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# Vice Admiral Alan Thompson

Director, Defense Logistics Agency

U.S. Department of Defense

*By Michael J. Keegan*

## Managing a responsive supply chain in support of U.S. military operations

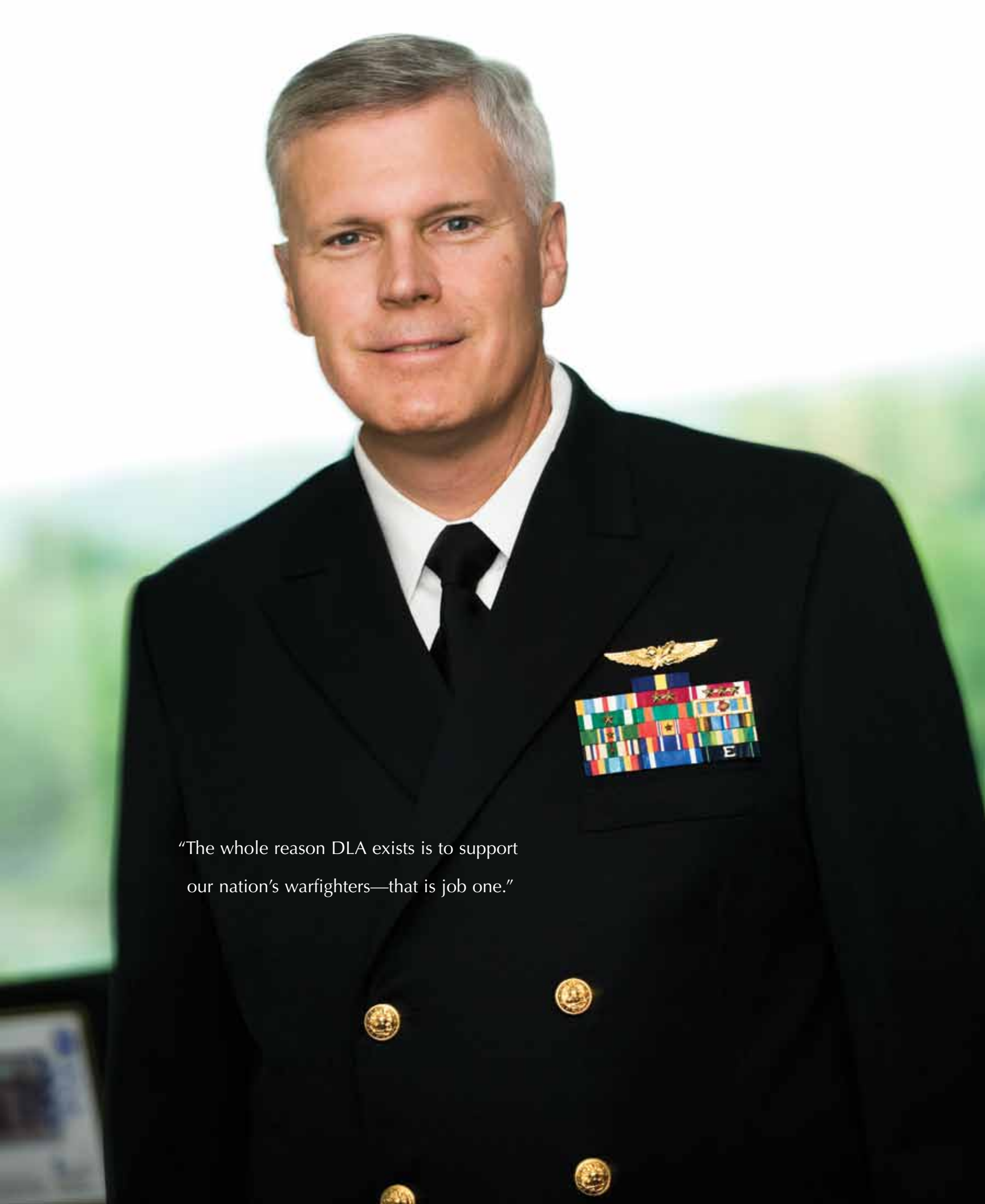
As the warfighters' needs evolve to meet the changing demands of today, so too have the way these needs are met. Though formally established in 1961, the U.S. Defense Logistics Agency (DLA) can trace its roots to World War II. Since its inception, DLA has played a significant, and ever increasing, role in support of U.S. defense operations around the world—meeting the needs of the warfighter. “It was formed,” explains Vice Admiral Alan Thompson, director, DLA, “to consolidate similar logistics functions from each of the military services—Army, Navy, Air Force, and Marine Corps—into a single Department of Defense logistics provider.” As this single logistics provider, DLA has sought to supply the warfighter faster and more efficiently, filled with nearly every consumable used by U.S. military forces around the globe. “We provide a wide array of support,” describes Thompson, “1,600 weapon systems, 84 percent of the spare parts that support U.S. armed forces, including nearly 100 percent of support for fuel, food, other energy, medical supplies, uniforms, construction equipment, and a wide variety of different commodities.” In addition, DLA also manages the reutilization and disposal of surplus military assets. It offers supply chain services that encompass storage and distribution, as well as humanitarian support at home or abroad.

Vice Admiral Thompson leads a global enterprise with operations in 48 states and 28 countries, and Fiscal Year 2009 sales/service of close to \$38 billion, which would place it in the top 65 on the Fortune 500 list of companies. He does it with a total staff of 25,000 working very closely with the U.S. Transportation Command. “There is almost nowhere,” underscores Thompson, “that you will find a military operation or installation where there’s not a DLA presence....We process over 100,000 orders from military customers daily, award over 8,000 contracts daily in response to these orders, and provide nearly 5 million individual items to armed

services in support of operations.” As a result of the Base Realignment and Closure Commission recommendations of 2005, DLA has moved beyond being a wholesale provider of material to being an end-to-end supply chain manager—managing eight different supply chains. “This allows us to be much more effective,” according to Thompson, “because we are now directly connected to the customer that’s consuming these products. We have much better business intelligence on what’s going on. We can then take that back through the supply chain and acquire the needed material in a timelier manner—ultimately producing a far more efficient logistics support capability than we have had in the past.”

As its footprint continues to expand and demands on its services increase, DLA has been seeking to transform how it operates. Vice Admiral Thompson identifies key priority areas that frame his strategic direction: warfighter support, stewardship excellence, and workforce development. “The whole reason DLA exists is to support our nation’s warfighters—that is job one. We are very involved in the support to ‘plus-up’ the forces and increased operations in Afghanistan, as well as the responsible withdrawal of forces from Iraq. This drives a great deal of activity for DLA. Over the last several months, we have worked to build the supporting base structure in Afghanistan for the increased forces,” describes Thompson.

It continues to plan for and execute its support for expanded operations in Afghanistan, including finding alternate supply routes and sources, while also working to reposition assets and forces in Iraq. “Over the last six months,” explains Thompson, “we’ve been working with the U.S. Transportation Command to open what we call the Northern Distribution Network, which is a rail network across the Central Asian states that enters Afghanistan from the north. Currently, about several thousand shipments have occurred, and over 80



“The whole reason DLA exists is to support  
our nation’s warfighters—that is job one.”





“It’s important that we collaboratively work with our military customers to plan what is going to be needed and when. We call it ‘collaborative demand planning.’”

percent of the material that has been shipped through the Northern Distribution Network is DLA material. This gives us a needed additional source of capacity for shipments into Afghanistan, and also provides alternatives if there’s disruption on the ground routes through Pakistan.”

The DLA also plays an integral role in the draw-down and consolidation of U.S. forces in Iraq. “The first thing that is most striking when you travel in Iraq is the amount of equipment and material that is there—it’s huge. With the draw-down, there is, first, a repositioning of forces to the enduring bases, and then a flow of combat forces out of the country. Both are very challenging, but a little bit different. To support the restructuring of the force, we have to evaluate all the different products that are needed to sustain those forces and make sure that those commodities are appropriately positioned and that we have the supply lines to keep those stocks replenished. For the operating bases that are being closed or transferred to the Iraqi security forces, our primary challenge is disposal.”

The second priority area for Vice Admiral Thompson involves enhancing the DLA’s stewardship of resources. “We believe that the American taxpayer shouldn’t pay a penny more for the logistical support of the armed forces than is absolutely needed,” declares Thompson. Therefore, the DLA has undertaken a number of initiatives, such as reviewing and prioritizing its largest projects as well as identifying prudent cost reductions, to more effectively manage the cost of material and services it provides. “We are very focused on providing all that’s needed to support the warfighter in the field,” assures Thompson, “but we also believe it is essential to provide [that support] in the most efficient way we possibly can.”

To do this also involves improving the DLA’s overall business processes. “DLA is constantly evaluating technology and capabilities to be a more effective and efficient logistics provider.... One of the critical enablers is our very modern information technology (IT) capability. Last year, we did a substantial upgrade to our Enterprise Business System (EBS), which is the backbone on which DLA operates. We’re

also developing a fusion center to better understand performance within our organization,” notes Thompson. With EBS enhancements and the introduction of its Distribution Standard System, the DLA continues to focus on improving business process outcomes for its customers and taxpayers. “It’s important,” declares Thompson, “that we collaboratively work with our military customers to plan what is going to be needed and when. We call it ‘collaborative demand planning.’” Forging a culture of continuous business process improvement, coupled with a robust technology platform, is integral to the success of the DLA’s strategic direction.

The DLA’s workforce is also vital to its overall success. “DLA has a strong history of valuing its people,” says Thompson. He admits that the DLA of tomorrow will require slightly different skills and educational backgrounds. His strategic direction ensures that DLA will continue to deliver on its current commitments, remain agile, and further evolve to meet its ever-expanding mission. “We will continue to build on our history of excellence,” Thompson emphasizes. “The overall level of support that’s being provided by DLA is at a historic high. I expect to see that continue to [increase] even more. I think the integration with each of the military services is going to be even greater.” ■

To learn more about the Defense Logistics Agency, go to [www.dla.mil](http://www.dla.mil)



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# Inés R. Triay, Ph.D.

Assistant Secretary for Environmental Management  
U.S. Department of Energy

*By Michael J. Keegan*

## Managing the world's largest nuclear waste cleanup

During the Cold War, the U.S. nuclear stockpile reached more than 30,000 nuclear weapons. Research and production of these weapons resulted in large volumes of nuclear waste—some of the most dangerous materials known to mankind—posing significant environmental risks and challenges. “The U.S. Department of Energy has under its purview the Environmental Management program, which is responsible for cleaning up the legacy of the Cold War,” says Dr. Inés Triay, assistant secretary, Environmental Management within the U.S. Department of Energy. She leads the Office of Environment Management (EM), which is charged with the safe and complete cleanup of the environmental legacy brought about from five decades of nuclear weapons development and government-sponsored nuclear energy research. “We manage the largest environmental cleanup effort in the world. Originally, we had two million acres at 108 sites in 35 states. We work in very challenging environments with hazardous and dangerous material, solving some of the most complex technical problems in the environmental field today,” says Triay. She notes that her job is “to make sure that the cleanup is conducted in a safe, secure, and compliant manner. It is to make sure that we continue to be vigilant about the life cycle cost of this cleanup. This cleanup extends decades; it is my job to come up with strategic options to shorten that time frame that we’re going to need in order to ensure the effective cleanup.”

The cleanup encompasses radioactive wastes, spent nuclear fuel, excess plutonium and uranium, thousands of contaminated facilities, and contaminated soil and groundwater. EM has identified radioactive tank waste processing as one of its key priorities. This involves constructing and operating facilities that stabilize radioactive liquid tank waste and treat it into a safe, stable form for disposition. This is such a challenging problem,” explains Dr. Triay. “We have 88 million gallons of

highly radioactive waste. This waste is in underground tanks, some containing on the order of a million gallons. We remove the waste from these tanks, and treat the waste so that we can isolate about 99 percent of the radioactivity into a small volume. That volume then is disposed as high-level waste. Only about 1 percent of the radioactivity remains, and that waste can then be disposed as low-level waste. We have these underground tanks in three main places: Savannah River site in South Carolina, our Hanford site in Washington state, and our Idaho site.” According to Triay, EM continues to move forward and clear hurdles in finalizing the design, construction, and operation of three unique and complex tank waste processing plants. “The bottom line is: these facilities combine for a total project cost of over \$14 billion. It is imperative that we stick to the total project cost and duration for these projects, delivering on time and within costs, as based on the current scope and scale. This particular waste is the highest risk of our program; it is imperative that we do this job right,” underscores Triay.

There are other equally important priorities. One priority is remediating soil and groundwater in a manner that will assure long-term environmental and public protection. “This is probably one of the most important jobs of the [EM] program,” admits Triay, “As you know, the quality of groundwater is so important.” She notes that there are over 1,800 million cubic meters of soil, groundwater, and sediments that are contaminated with radioactivity, other hazardous metals, or organics. “We remove contaminated soil. We dispose of it as low-level waste. We clean up the groundwater, using a number of mechanisms; one way is to bring the groundwater to the surface, clean it, then put it back into the ground. In addition, we use barriers that prevent and bind contaminants, so that the contaminants do not move along with the water into rivers and accessible environments,” explains Triay. She also describes advanced techniques, such



"It is all about the people. They are the most prized resource of an organization like ours, and for that reason, it is always a challenge to recruit and retain the very best."



“A strong safety culture is a culture where workers take care of each other and where they collaborate with leaders of the organization to identify how to work better.”

as the use of biodegradation, to deal with contaminants in the groundwater and surface waters. “We spend tremendous effort making sure that we know exactly where the groundwater and surface waters are contaminated. This is an important job, and subject to open discussion with the states, with the tribal nations, and with the regulators. Water is one of the most prized assets of the communities that host us; we need to this job right.”

Fostering a “Safety First” culture informs all facets of the EM program. Dr. Triay underscores the program’s commitment to its safety principles, incorporating the department’s integrated safety management system into all facets of its work, planning, and execution. “‘Safety First’ is the philosophy that any nuclear operation absolutely needs to have. We proactively ensure that every worker goes home at night as fit and as healthy as when they came into work,” asserts Triay. She points out that, to maintain a stellar safety record, one needs to believe that all accidents and incidents are preventable—and accept nothing less than that. “A strong safety culture,” says Triay, “is a culture where workers take care of each other and where they collaborate with leaders of the organization to identify how to work better. We find that the safety performance is correlated with work performance.” She acknowledges that some believe sacrificing safety enables the completion of more work, more quickly. “That is not the case,” notes Triay, “The statistics indicate quite the exact opposite. An organization that embraces a safety culture is actually a more productive organization.”

The 2009 American Recovery and Reinvestment Act (Recovery Act) provided the EM program with \$6 billion above its normal appropriation. Seventeen sites in 12 states are receiving Recovery Act funding. The department selected areas where the projects were “shovel-ready”—projects with scope, cost, and duration already established. “The second thing that we did,” explains Triay, “was to choose projects that have an established regulatory framework. We also identified projects with proven technologies, existing contract vehicles, and proven performance and success.” Those projects focus on accelerating cleanup of soil and

groundwater, transportation and disposal of waste, and cleaning and demolishing of nuclear weapons facilities. “We have a life cycle cost for the entire [EM] program that we report to Congress on an annual basis, what we call the ‘environmental liability.’ We endeavor to keep that life cycle cost managed and validated. We want to ensure that we can demonstrate to Congress and the taxpayers that this investment [Recovery Act funds] actually reduces the life cycle cost. We want to demonstrate that the return on investment of having the work done earlier is a significant benefit,” says Triay. The program is the process of documenting the impact of these funds. Dr. Triay admits that the return on investment varies across the sites. “We want to reduce the operational footprint of the [EM] program,” explains Triay. “With the Recovery Act funds, we envisioned a portfolio that is going to reduce the footprint by about 40 to 50 percent by 2011.”

In order to achieve this ambitious goal, Triay believes that the most important thing is to have a committed, focused, and technically capable staff. “It is all about the people,” declares Triay, “They are the most prized resource of an organization like ours, and for that reason, it is always a challenge to recruit and retain the very best. I think that, for those who want to work in science and public service, the Department of Energy, under the leadership of Secretary Chu, is a perfect place to explore those two passions.” ■

To learn more about the DOE’s Office of Environmental Management, go to [www.em.doe.gov](http://www.em.doe.gov)



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By John M. Kamensky

## Forum Introduction: Toward Greater Transparency and Accountability in Government

The future's going to be different. Just look at today's generation. It participates in massively distributed, role-playing games on the Internet, like World of Warcraft. As a result, young people develop their leadership skills differently. They share information and make decisions differently. They engage in teamwork and collaborate differently. It's all about your contributions, not your rank or position. They are called "digital natives." This isn't how government works today.

But how will we transition to this new future? One clue is to look at the present. The Obama administration is sold on the importance of transparency and accountability in government. It is also sold on the use of social media, also called "Web 2.0," as a way of helping make transparency and accountability happen. How did the new Obama administration come to this? It is taking advantage of the convergence among three phenomena:

- The use of social media tools, such as Facebook and Twitter, is rapidly expanding.
- The Millennial generation is changing the composition of the workforce from "digital pioneers" to "digital natives."
- The pressures to more effectively address key public issues is demanding a shift from the use of hierarchy to the use of collaborative networks.

As a result, the Obama administration has committed to a transparent and open government with greater accountability as one of its signature initiatives. The following essays begin to paint some of the outlines of how this new future will provide both opportunities and challenges to government executives.

*"... the Obama administration has committed to a transparent and open government with greater accountability as one of its signature initiatives."*

# Transparency—For What?

By Harold (Hal) I. Steinberg, CPA, CGFM

Transparency is one of the current buzzwords, which is not necessarily bad. A keystone of democracy is accountability and transparency, i.e., providing information is one way for the government to be accountable. Since no one wants to look bad, transparency can be a major impetus for program improvement.

The enormous push toward transparency risks the possibility of information overload. With the Federal Funding Accountability and Transparency Act of 2006, the federal government now posts to the Internet every award it makes, the amount of the award, and the recipient's name. The American Recovery and Reinvestment Act (Recovery Act) website—[recovery.gov](http://recovery.gov)—links to pages that report dollars spent by each agency, in each state, for each recipient, etc. Unfortunately, this overwhelming volume of information does not necessarily translate into anything useful. In fact, the most important information associated with the Recovery Act is the number of jobs created or saved. The reliability of this information is questionable.

If transparency and accountability are going to translate into better government, the question is what the federal government and its scores of agencies should report, particularly for financial and program results.

## A Little History

The government's financial reporting is not new. For 200 years, the government issued a *Monthly Statement of Receipts and Outlays of the U.S. Government*. The agencies reported the extent to which they expended budget resources. A major change occurred in 1990, however, with the realization that information regarding an agency's assets, liabilities, and especially, the costs of the services it was providing, is also important. Unfortunately, only three of the 10 agencies required, at that time, to provide this type of information could do so, despite having 11 months to issue the report. The auditors would attest to the information reliability for only one of the 10 agencies.

Nonetheless, Congress recognized the importance of having agencies report reliable financial information and legislated that agencies issue audited financial statements within five months rather than 11 months. The requirement applied first to the 24 largest executive branch agencies, and then to the remaining federal agencies. The Office of Management and Budget further shortened the time frame to 45 days. All agencies now provide the information within 45 days and, with but two or three exceptions, the auditors opine that the information can be relied on. Accompanying the financial information are reports on the performance results achieved by the agencies' programs. Performance information is included to meet the requirements of the Government Performance and Results Act of 1993.

Since 1997, the Treasury Department has been issuing an annual financial statement for the entire government. Unfortunately, the less-than-effective transmittal of financial information from the agencies to the Treasury, plus other issues, have hampered the quality of the data. Thus, auditors have been unable to attest to the reliability of the government-wide financial statements.

## Is This the Best Approach to Transparency?

History notwithstanding, there is a question as to whether the process outlined above is the best way to obtain transparency and accountability. The requirement for audited agency financial statements places considerable emphasis on the exactitude of the amounts reported in each agency's statements. However, as long as an agency has accurate records of the existence, location, magnitude, etc. of its assets, liabilities, and costs, this information is not of particular interest to an agency's stakeholders. In fact, the agencies' year-end financial statements do not attract many readers.

The most effective way to access an agency's accountability is with information about the performance of its programs: whether and how the agency is managing its resources to avoid waste, fraud, and abuse; the important amounts in its





Harold (Hal) I. Steinberg was the first deputy controller/acting controller, Office of Federal Financial Management (OFFM) at the OMB. OFFM was established by the Chief Financial Officers Act of 1990 to design, organize, and oversee the implementation of programs to improve the federal government's financial management. He also was a partner in KPMG LLP. From 1983-1991, he led the firm's practice with the federal government.

financial statements, their significance to the agency's programs, whether and why these amounts have changed from the prior year; and conditions, trends, events, both existing today or likely in the future.

It is not that periodic audited financial statements are unimportant. They require the agencies to establish or at least improve the information systems needed to obtain and accumulate information, an essential element of accountability. They are vital for assuring the reliability of an organization's

financial systems and data. They typically enable agency personnel to gain insight into their financial and program operations.

The place at which financial statements are really important is at the government-wide level. Citizens care about the financial condition of the entire government, not individual agencies. Even at this high level, the financial statements are important not so much for disclosing the financial implications for where the government has been, or even where it is currently, but—most important—where it is going.

The federal government has already provided some of that information by presenting each year a *Statement of Social Insurance*. That statement discloses the amount of future budget resources needed to pay Social Security, Medicare, and other social insurance obligations. It does not, however, identify the resources that will be needed to sustain the myriad of other government programs, many of which are specified in the Constitution.

## Some Suggestions

How should proper transparency and accountability be provided? Websites—[usaspending.gov](http://usaspending.gov) and [recovery.gov](http://recovery.gov)—provide information at the “retail” level, information with which individuals can ascertain specific spending actions. The detail will be helpful for detecting potential improprieties and identifying opportunities. Unfortunately, these sources won't provide the “wholesale” level of information necessary to provide overall financial results or to help guide policy. For this level of accountability, one can look at the work of such groups as the Federal Accounting Standards Advisory Board,<sup>1</sup> the Association of Government Accountants, and the Mercatus Institute.

## Agency-Level Transparency and Accountability

Audited financial statements have been the driving force behind getting the agencies to establish accounting systems capable of providing reliable financial information. This has been demonstrated by all but a few agencies receiving

A Citizen's Guide to the 2008 Financial Report of the U.S. Government

### The Government's Financial Position and Condition

The Financial Report of the U.S. Government (Report) provides the President, Congress, and the American people a comprehensive view of how the Federal Government is managing taxpayer dollars. It discusses the Government's financial position and condition, its revenues and costs, assets and liabilities, and other responsibilities and commitments, as well as important financial issues that affect the Nation and its citizens both now and in the future.

The following table presents several key indicators of the Government's financial health, which are discussed in greater detail in the Report.

	2008	2007	2006
<b>Gross Costs</b>	\$ (3,891.6)	\$ (3,157.3)	\$ (3,127.7)
<b>Earned Revenues</b>	\$ 280.9	\$ 247.8	\$ 226.4
<b>Net Cost</b>	\$ (3,610.7)	\$ (2,909.5)	\$ (2,901.3)
<b>Total Taxes and Other Revenues</b>	\$ 2,661.4	\$ 2,627.3	\$ 2,488.8
<b>Other</b>	\$ (29.3)	\$ 6.7	\$ 11.9
<b>Net Operating Cost</b>	\$ (1,009.1)	\$ (275.5)	\$ (409.5)
<b>Assets</b>	\$ 1,974.7	\$ 1,581.1	\$ 1,496.5
<b>Less: Liabilities, comprised of:</b>			
Debt Held By the Public	\$ (5,836.2)	\$ (5,072.7)	\$ (4,861.5)
Federal Employee & Veterans Benefits	\$ (5,318.3)	\$ (4,709.1)	\$ (4,679.0)
Other Liabilities	\$ (1,073.1)	\$ (960.1)	\$ (866.4)
<b>Total Liabilities</b>	\$ (12,127.6)	\$ (10,741.9)	\$ (10,406.9)
<b>Net Position (Assets Minus Liabilities)</b>	\$ (10,202.5)	\$ (9,205.8)	\$ (8,916.4)

**Sustainability Measures:**  
The Statement of Social Insurance provides certain fiscal sustainability information concerning Social Security, Medicare, and other social insurance programs.

	2008	2007	2006
Closed Group (current participants) <sup>2</sup>	\$ (49,135)	\$ (43,062)	\$ (44,145)
Open Group (current + future participants) <sup>3</sup>	\$ (42,970)	\$ (40,948)	\$ (38,831)

**Budget Results**

	2008	2007	2006
<b>Unified Budget Deficit</b>	\$ (454.8)	\$ (462.8)	\$ (247.7)

1. Present value of projected revenues and expenditures for scheduled benefits over the next 75 years of certain benefit programs that are administered by Social Insurance (e.g., Social Security, Medicare). Not included: liabilities on the balance sheet.  
2. Includes current participants (i.e., existing and/or eligible to receive benefits) for the Social Security and Medicare programs ages 18 and over at the end of the 75-year projection period except for the 2007 Medicare program for which current participants are assumed to live within 10 years of age at the end of the 75-year projection period.  
3. Includes all current and future program participants and the 75-year projection period.

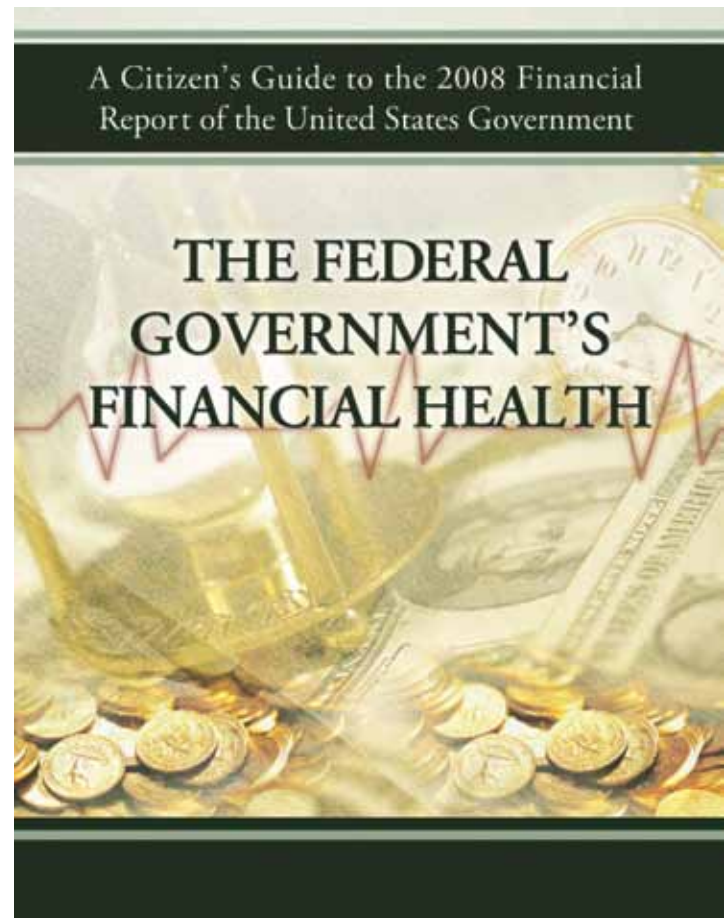
A page from A Citizen's Guide to the 2008 Financial Report of the United States Government.

unqualified auditors' opinions. Thus, the statements no longer need to be the centerpiece.

One approach could be to authorize agencies whose audited financial statements meet certain criteria. If agencies receive an unqualified opinion, with no material weaknesses or significant deficiencies, or instances of noncompliance over a specified number of years, then they may forgo the annual audit requirement. The auditor's time and effort could be devoted to examining and helping to assure the reliability of the data transmitted by the agencies to the Treasury for the government-wide financial statements. This would help move the government toward a clean opinion on the government-wide report.

So how would the individual agencies fulfill their responsibility to be transparent and accountable? They would issue a 25-page or so report that would:

- Focus on program results, the matter with which people are most concerned at the agency level. The information would include more than anecdotes. It would be explanations of strategic goals, so readers can appreciate how the agency's goals relate to its mission; the magnitude of performance goals met for each strategic goal and the trends in this performance; an identification of performance goals not met, as well as why, and how they and other diminishing performance will be addressed; the cost of pursuing strategic goals, so that readers can appreciate how much performance is costing; and the costs of outputs and outcomes, which disclose how much performance is received for the dollars expended. Also, the issue of the reliability of the reported performance results has to be addressed. This doesn't require an audit of the data, but an auditor's review of the controls underlying the data systems would be helpful.
- Identify the agency's significant assets, liabilities, revenue sources, and costs and explain their importance to the agency—plus, explain the reasons for significant changes in these amounts from prior years.
- Identify the agency's material weaknesses and significant deficiencies in internal control—and any noncompliance with the laws and regulations associated with accountability—and describe what is being done, and when, to address them. Accountability also suggests that, if there is slippage with the corrective actions, the reason for the slippage and how it will be addressed be presented. The weaknesses and deficiencies need not be limited to financial matters. The report should encompass weak-



Cover of *A Citizen's Guide to the 2008 Financial Report of the United States Government*.

nesses and deficiencies in program and administrative activities as well.

- Identify possible significant demands, events, conditions, and trends, both existing and anticipated, that fall within the agency's area of responsibility and that could affect the country and its citizens in the future, possibly adversely, and what the agency will do to offset their impact.

Some say this information has budget implications and cannot be presented by agencies outside the president's budget. Not so. The information is important in and of itself; there is no need to include budget needs. For example, it is likely that when readers read, in the Department of Agriculture report, that the increased international movement of people and goods provides the opportunity for crop and animal pests and diseases to move quickly across our borders, they do not need to know the specific impact on the budget to know that something should be done. The same would be

said for a Social Security Administration disclosure that, when projected disbursements exceed projected contributions in 2017, continuing the current level of benefits will require the government to increase taxes or borrowing and/or reduce the amounts spent for other programs.

The 25-page report would include numerous links to agency website pages that present additional detailed information about the matters presented in the report. More importantly, transparency and accountability require that the reports present not just positive matters, but that they also identify and discuss performance shortfalls, challenges, problems, or other issues requiring attention. Candor is required in the reports issued by publicly held corporations; why should government have a lower standard for transparency and accountability?

Finally, transparency requires that the reports be “readable.” It may require that the report drafters be provided training in report writing. That is a small price to pay for eliminating the redundancy, verbosity, and stilted language that too often mark current agency reports.

### Government-Wide Transparency and Accountability

As stated, transparency and accountability at the government-wide level require that the public be provided not only information about assets, liabilities, and costs, but also some idea of where the government and the country is heading financially. The government has already started to do this. If you haven’t seen it, get a copy of *A Citizen’s Guide to the 2008 Financial Report of the United States Government: The Federal Government’s Financial Health*. It does an excellent job of presenting such information as the amount of debt held by the public as a percent of gross domestic product (GDP) from 1940 out to 2080 (it is not a pretty picture); and the past and projected revenues of the government and the extent to which these revenues have been or will be sufficient to pay for Social Security, Medicare, Medicaid, interest on the debt, and all other expenses (again, not a pretty picture).

The Treasury has presented this information voluntarily for the past couple of years, which means that it can stop if it wants to. Another step in the right direction is a recently issued standard of the Federal Accounting Standards Advisory Board. This organization defines how the federal government should report its financial position and operations. The standard states that starting in fiscal year 2010, the federal government should issue a financial statement that shows, among other things, the present value, for a specified number of years into the future (e.g., 75), the projected receipts and spending based on current policy without change, and the relationship of these amounts to projected GDP. This information represents a level of transparency, which heretofore has not been provided, for the manner in which the government is mortgaging the future to pay for the present. It remains to be seen whether it will move accountability in the proper direction.

The last effort toward government-wide accountability is for the federal government to obtain an unqualified opinion on the government-wide financial statements. The financial picture is bad enough. We do not need the added problem of not being able to rely on the numbers.

### Conclusion

In short, transparency is necessary to achieve accountability—but that means more than simply dumping countless data on the Internet. Such actions would have the opposite effect. Transparency requires the thoughtful selection of information that best portrays the results of what has transpired and what is likely to move the government in a desired direction. ■

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#### Endnotes

1. The author is a member of the Federal Accounting Standards Advisory Board. The above views are his own and do not necessarily reflect the views of the Board or of any of its members.



# The Transparency and Accountability Challenge in the Subaward of Federal Funds

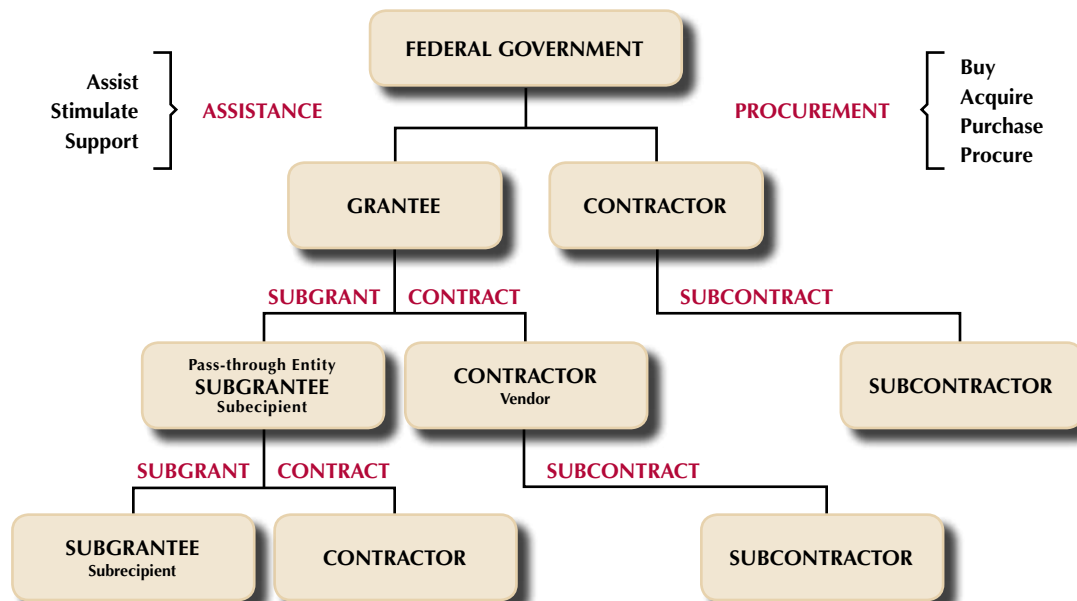
By Robert M. Lloyd

The stated themes of transparency and accountability in the Obama administration's implementation of the American Recovery and Reinvestment Act (Recovery Act, PL 111-5) have received the kind of uncommon attention that seldom accompanies such executive branch initiatives. Seemingly, federal officials cannot use the word "stimulus" without adding the words "accountability" and "transparency." Current media coverage, driven by the magnitude of expenditures being made with Recovery Act funds, has often reflected the same. Assuring that the laudable objectives of the Recovery Act are achieved is arguably being undercut by an overreaching, and somewhat impractical, attempt to capture information about the use made of federal funds once they leave the coffers of the primary recipient to which they are awarded. Anecdotal evidence suggests that the consequences of that attempt are widespread confusion and administrative burden and cost. For that reason, federal officials and their primary grantee partners in the federal assis-

tance system should be motivated to reflect on what is truly required in the subaward of federal funds, to impose proper policies and clarify others, and perhaps, most importantly, to define when the federal interest in the matter ends.

Interim final regulations issued by the Office of Management and Budget (OMB) on April 23, 2009 [Federal Register, Vol. 74, No. 77, pp. 18449-18463], call on recipient organizations to provide detailed reports to a central federal collection point on the subgrants and subcontracts they have that use Recovery Act funds. The requirement to do so is not driven by the Recovery Act but rather by an earlier statute, the Federal Fund Accountability and Transparency Act (FFATA, PL 109-282, as amended), which was sponsored by then U.S. Senator Barack Obama. OMB issued additional guidance requiring lower-tier awards made by Recovery Act recipients and sub-recipients to "vendors" to be included in this reporting. To employ terms used in the Paperwork Reduction Act, however,

## Federal Award Relationships



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it is questionable whether such information will have practical utility. That question is reinforced given the considerable difficulty that many “pass-through” entities have experienced (and in some cases created) through their inability to clearly distinguish between subgrants and subrecipients and contracts with subcontractors or vendors. It is suggested here that there is limited, if any, federal interest in determining who the subcontractors or vendors are and how much federal money has been awarded to them.

## Federal Attempts to Define Subgrants and Contracts Under Grants

Beginning in the mid 1970s, federal agency policies governing the award of subgrants were based on general provisions found in the OMB’s Circulars A-102 and A-110. They imposed uniform administrative requirements for grants to governmental and nongovernmental recipients, respectively. Both directives stated that subgrants of federal financial assistance made by primary recipients were to have the same requirements that would have governed the funds had they been awarded by the federal government directly. For state and local government grantees, Circular A-102 stated,

“Except where they are specifically excluded, the provisions of this circular shall be applied to subrecipients performing substantive work under grants that are passed through or awarded by the primary grantee ... .” For nongovernmental recipients covered by Circular A-110, the policy intent was similar. It stated, “The provisions of the attachments of this circular shall be applied to subrecipients performing substantive work under grants that are awarded by the primary recipient if such subrecipients are organizations described in paragraph 1.” Taken together, the policies were colloquially referred to as the “flow-through” concept.

With the passage of the Federal Grant and Cooperative Agreement Act of 1978 (PL 95-224), the distinction between an assistance instrument used to “assist, stimulate or support” and an acquisition instrument used to “acquire, purchase or procure” was established in law for direct federal awards. In initial guidance issued to federal agencies in August 1978, the OMB began to introduce the same distinctions in its discussion of lower-tier relationships (subgrants and contracts under grants, sometimes also referred to as subcontracts). It was abundantly clear that there was an intended difference between these two types of lower-tier relationships. Subgrants were intended to be assistance transactions; contracts under grants were intended to be purchase transactions. Further, the type of entity with which these instruments were entered into was immaterial. What mattered was the nature of the relationships—pass-through grantor to subgrantee or buyer to seller.

The Advisory Commission on Intergovernmental Relations also weighed in on the subject following a study of federal funds passed through state agencies to subgrantees.

Fast-forward to the next set of revisions of the two OMB administrative circulars that occurred between 1988 and 1993. From those revised policies, it was clear not only that the OMB recognized the distinction between the two types of awards but that different policies applied almost exclusively to them. For example, in the common grants administration rule, which the OMB required federal agencies to uniformly adopt pursuant to Circular A-102, separate definitions were

### The Applicable Policy Tools

- 2 CFR 176.30 (Definitions Section)—OMB Regulations Implementing Sections 1512, 1605, and 1606 of the American Recovery and Reinvestment Act, Issued April 23, 2009
- Sections 210 and 400(d) of Office of Management and Budget Circular A-133
- Sections 36 and 37 of the Common Grants Administration Rule Issued Pursuant to Office of Management and Budget Circular A-102
- Sections 5 and 40-48 of Office of Management and Budget Circular A-110.

### What Other Factors May Help to Sort Out the Nature of Subawards?

- Stated intent in the agreement
- Identification of federal program funding (e.g., CFDA number)
- Conduct of solicitation and competition
- Number of awards made
- Criteria for selection
- Statement of work or scope of services
- Performance criteria
- Timing of payment
- “Pricing” of the agreement
- Employment of special conditions
- Awardee cost participation
- Awardee risk
- Interest in awardee management systems
- Treatment of property purchased with award funds
- Applicable federal rules
- Applicable federal public policy requirements
- Termination policy

introduced concerning the two lower-tier instruments (contract and subgrant). Separate regulatory sections were issued for “Procurement” (i.e., the award of contracts under grants) and for “Subgrants” as well.

In 1997, the OMB revised its Circular A-133 to implement the Single Audit Act Amendments of 1996 (PL 104-156) and to consolidate nonfederal audit policy affecting all of the types of covered federal award performers. In doing so, it introduced policy related to lower-tier relationships based on whether payments received and expenditures made under those relationships were subject to audit coverage as part of an entity’s audit under the circular. Section 210 of the circular stated, “An auditee may be a recipient, a subrecipient and a vendor,” making clear that a governmental unit or a nongovernmental entity might have multiple types of relationships in which federal funds were involved. It proceeded, “Federal awards expended as a recipient or a subrecipient would be subject to audit under this part. The payments received for goods or services provided as a vendor would not be considered federal awards. The guidance in paragraphs (b) and (c) of this section should be considered in determining whether payments constitute a Federal award or a payment for goods and services.” The guidance then proceeds to describe characteristics that are “indicative” of one or the other. But the OMB also cautions, “There may be unusual instances or exceptions to the listed characteristics. In making the determi-

nation of whether a subrecipient or vendor relationship exists, the substance of the relationship is more important than the form of the agreement. It is not expected that all of the characteristics will be present and judgment should be used in determining whether an entity is a subrecipient or a vendor.” The OMB did not indicate who would be exercising such judgment, but arguably that would include the pass-through entity, the lower-tier organization, and the independent auditor.

Of the indicators of subaward types included in Section 210, the OMB was silent about whether any particular indicator had more weight than any other. However, the indicator that comes closest to the concepts that the OMB had relied on in its earlier presentations of subaward policy is one that states that a subrecipient relationship may be indicated when the lower-tier organization “uses the Federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity.” Stated another way, it appears that, if the purpose of the subaward is to “assist” the lower-tier organization, a subgrant is indicated. On the other hand, if the purpose is to purchase “goods or services” from the lower-tier organization, a vendor or contractor relationship is indicated.

The confusion and burden suggested above arises in both the conceptual framework and in the activities now surrounding the implementation of the Recovery Act because of two inter-related factors: (1) the idea that, if the lower-tier organization is involved in “substantive” aspects of the federal program, then a subrecipient relationship exists even if the award itself is a “purchase of service;” and (2) that expenditures made under such a relationship must be audited. ■

### Subaward “Lingo”

#### Roles:

Subgrantee  
Subrecipient  
Subawardee  
Contractor Under Grant  
Subcontractor  
Vendor

#### Agreements:

Subgrant  
Subaward  
Contract Under Grant  
Subcontract



# Using the Web for Greater Government Openness and Transparency

As one of his first acts in office, President Barack Obama issued his *Memorandum on Transparency* directing the work of the federal government—and all its information—to be more transparent. According to the memo, transparency promotes accountability and provides information for citizens about what their government is doing. It also calls for executive departments and agencies to harness new technologies to put information about their operations and decisions online and readily available to the public.

The principles outlined in the memo clearly underscore the importance of openness and transparency. As we await further guidance from the administration, it would be wise for federal agency leaders to begin to focus on what this directive means for their respective agency. Some agencies may view having a website, containing tremendous amounts of information online, as being ahead of the game—possibly having the job done and checking it off the “to do” list. We caution against such a view, as it is important to consider the online universe as it exists today—always keeping in mind what the public has come to expect.

Think real-time, online information—access to data about the work of government available anytime, anywhere at your fingertips. To illustrate, I can go to Google Maps and plug in a search for “exotic animals,” my office address, and presto, I instantly receive a map dotted with hundreds of flags and links showing me exotic animal shops, parks, and zoos nearby. With a couple of more clicks, I can shop for and compare customer reviews on accordions, get tips for how to make a compost pile, or find a history of the Peloponnesian War. If I want to order a book at midnight or purchase an airplane ticket at 6 a.m., I can do that. We are used to finding information online whenever we want it, through simple searches and intuitive interfaces.

Yet, with many federal agency websites, it’s hard to know where to start in order to retrieve the information you may need. Though these websites may be treasure troves of

*By Ellen S. Miller*

information, you may require the corresponding treasure map to find what you seek. Information is scattered across different agency websites, and federal departments, in many instances, following a taxonomy that makes sense only if you’re well-versed in the U.S. Code. For example, the National Highway Safety Traffic Administration maintains a number of highly informative fatality and safety databases. But if you look at the home page, you have to know to click on the link for NCSA at the top of the page to find fatality and safety data. NCSA? We’re supposed to know not only that it’s an abbreviation for the National Center for Statistics and Analysis, but also that the link goes to the department’s information.

## Toward Transparency-Friendly Websites

At the Sunlight Foundation, designer Ali Felski has created several mockups of agency websites to show how they could be revamped for the times, to support the call for transparency:

- USA.gov ([sunlightlabs.com/blog/2009/01/23/rethinking-usagov/](http://sunlightlabs.com/blog/2009/01/23/rethinking-usagov/))
- U.S. Environmental Protection Agency ([sunlightlabs.com/blog/2009/03/23/redesigning-government-epa/](http://sunlightlabs.com/blog/2009/03/23/redesigning-government-epa/))
- Supreme Court ([blog.sunlightfoundation.com/2009/08/27/scotus-redesign/](http://blog.sunlightfoundation.com/2009/08/27/scotus-redesign/))
- Federal Election Commission ([sunlightlabs.com/blog/2009/02/04/redesigning-government-fec/](http://sunlightlabs.com/blog/2009/02/04/redesigning-government-fec/))
- Data.gov ([sunlightlabs.com/blog/2009/04/16/redesigning-government-datagov/](http://sunlightlabs.com/blog/2009/04/16/redesigning-government-datagov/))

Felski’s design of Data.gov, published online before the launch of the official government site, was apparently so compelling that the federal website adopted many of her suggestions. We’re also in the midst of another redesign, this time of the Federal Communications Commission ([sunlightlabs.com/blog/2009/08/25/redesigning-fcc-getting-organized/](http://sunlightlabs.com/blog/2009/08/25/redesigning-fcc-getting-organized/)). The key elements to Sunlight’s redesign center on: overall site organization, clean visual design; and robust, searchable information.

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## Making Information More Accessible Online

Public information means having it available and accessible online. Though federal agencies' websites can act as portals to a wealth of important information and data, the accessibility of such data may be limited because of its format—i.e., it's in a clunky format that's difficult to search, much less find. For example, the U.S. Food and Drug Administration's (FDA) drug approval process analyzes studies that measure a drug's safety and efficacy prior to entering the marketplace.

The FDA currently posts online reviews from 1997 to the current date. These reviews are typically in PDF format without embedded hyperlinks, making it impossible to search through a document and requiring the reader to go page by page to find the needed information. Also, many popular drugs taken by millions of Americans today were approved prior to 1997, and the only way to retrieve the reviews is through a paper-based Freedom of Information Act request. Federal agency leaders need to assess the public information and data they currently don't make available online, and find ways to promote it in formats that are easy to navigate.

### USA.gov—Redesigned for Transparency



In thinking about a new structure and new design for USA.gov, there were a few goals: let the user customize and personalize the content that is displayed on the site, provide better structure and navigation, and just have a cleaner, more powerful, overall look to the site.

The public needs raw data in machine-readable formats. It's helpful for federal government websites to have interactive databases that anybody can access—whether on auto recalls, air pollution, or unemployment statistics. However, it's also extremely important that agencies offer, in machine-readable formats, the unadulterated, raw data that constitute these databases. By providing the underlying data in machine-processable formats, the data are more accessible and usable for programmers and researchers, who can use it for new and innovative research ends.

## Apps for America

Consider the three finalists in the Sunlight Labs contest, Apps for America. We challenged programmers to take data found on Data.gov, the new central depository for government data created by Federal Chief Information Officer Vivek Kundra, and do something creative and useful with it.

- GovPulse (govpulse.us/) allows viewers to quickly search the *Federal Register* in a variety of ways, including by agency or date. But, it also provides easy-to-absorb analysis, such as an agency page (govpulse.us/agencies) to see sparklines of the notices from each agency, or the map of places mentioned by an agency (govpulse.us/agencies/departments-of-transportation).
- ThisWeKnow.org allows viewers to type in their zip code and get back a wealth of information about their neighborhood, drawn from different agencies.

## EPA.gov—Redesigned for Transparency



The goal was not to redesign the graphics for this site, but instead to rethink the user experience. With a huge site like this, which is relaying news and information to the public, take cues from people who do it well already: news organizations. They have many structured sections where you can quickly and easily see the news that is most important to the user. The Environmental Protection Agency (EPA) holds vast amounts of data about local communities—that data needs to come forward and be visualized for end users in order for it to truly have an impact on their lives.

- DataMasher ([datamasher.org/](http://datamasher.org/)) lets anybody—no programming background required—choose different government data sets and “mash” them up, with intriguing results.

These are great ideas on how to make government data more accessible. By wholesaling the data, the federal government may encourage fresh, new ideas that can foster citizen engagement while making information more accessible and usable to its citizens. Data.gov is a great start in this endeavor; however, as we go to print, the site is in its infancy and still needs time to mature. For example, Data.gov’s raw data catalogue does not include major consumer-oriented agencies, such as the Consumer Product Safety Commission and the FDA. Some of the information these agencies provide may appear in the “tools” section of Data.gov—which is great—but having them represented in the raw data catalogue would be even better.

## National Data Catalogue

The Sunlight Foundation has launched a new project—the National Data Catalogue—that feeds off the idea of Data.gov. The idea is to work with community volunteers to build a website that goes well beyond what Data.gov does—a single website that catalogues data from federal, state, and local government.

Another basic question all federal agency leaders should be asking is: how can we reach the public in the most effective ways? One way to do it is to supply raw data, as described above. Another way to reach the public is by leveraging Web 2.0 technologies and platforms. Some federal agencies are using social media—e.g., joining Twitter, Facebook, MySpace; using YouTube; creating widgets; and more—to push important information to citizens. (Think of this: if you can’t bring the public to the mountain, bring the mountain to the public.)

During the scare over salmonella-infected peanut butter, the FDA created a web page and a widget that allowed people to search for information on specific products that may have been recalled. At the height of the crisis, this website and widget were searched 707 times per minute, with nearly 44 million hits over a six-week period. The FDA also used a variety of social networking websites to inform the public about the health issue.

Similar efforts have been pursued in response to the outbreak of the H1N1 flu strain. The Centers for Disease Control and Prevention’s (CDC) information web page ([cdc.gov/H1N1flu/qa.htm](http://cdc.gov/H1N1flu/qa.htm)) allows users to sign up for an RSS feed, providing automatic updates on a program such as Google Reader;



sign up to follow announcements on Twitter; read pages in various languages; and explore many other outlets.

## Moving Forward

Moving toward greater online transparency may be difficult, but it will help the federal government achieve its mission. Making information available and accessible online better involves the public in the business of government. An involved, informed, and energized public can act as a

feeder for innovation, contributing ideas that may complement current government initiatives. When people can find information they need or do things for themselves, this frees up resources, thus making government more efficient. Most important of all—a transparent, accountable government inspires trust amongst the citizenry. Most people who choose a government career do it because they want to serve the public. The latest online technology provides the tools to better serve citizens and to do this in a way unimaginable even a decade ago. ■

### Data.gov—Redesigned for Transparency



Providing access to government data is one of the clearest ways to be more transparent—and it is our hope that Kundra and his team nail this with Data.gov. In order to do so, we're looking for these things:

- Bulk access to data
- Accountability for data quality
- Clear, understandable language
- Service and developer-friendly file formats
- Comprehensiveness

Only raw access bulk data can be completely transparent. So we're firstly looking for a bulk.data.gov akin to Carl Malamud's bulk.resource.org. This will allow developers to browse through a raw directory listing of the judicial, executive, and legislative branches—as well as of independent/miscellaneous/joint agencies—and get compressed, bulk files of data via direct download. Secondly, we want the ability for the public to comment and rate the quality of data the government provides. In the end, the purpose of the site should predominantly be about the data itself, and not about conclusions that may be drawn from it. It should be clear, organized, and easy to use for anyone visiting the site.

# Engaging Citizens in the Job of Performance Reporting

*By John M. Kamensky, Senior Fellow  
IBM Center for The Business of Government*

Federal agencies have been required to report performance information for a decade. Several organizations, such as the Association for Government Accountants and the Mercatus Center, have been assessing the quality of these reports. There has been a consistent theme in their assessments over the past decade that, while there is a steady supply of performance information, it is not being used to make decisions and the reports are not being widely read.

Traditionally, performance reporting has been seen as a top-down exercise, with an agency head annually collecting, assessing, and reporting on his or her agency's performance to Congress and the public. While this may continue to be necessary, it likely no longer will be sufficient. The confluence of the Wild West of Web 2.0 and the new Obama administration may completely change the dynamics of the staid world of performance reporting.

Web 2.0—which allows users to both interact with data on the web and create online communities—makes it possible to engage either an agency's work force or the public in assessing or reporting on performance information. This can be done in real time, not just annually. This allows the data to be used to inform decisions, not just for accountability.

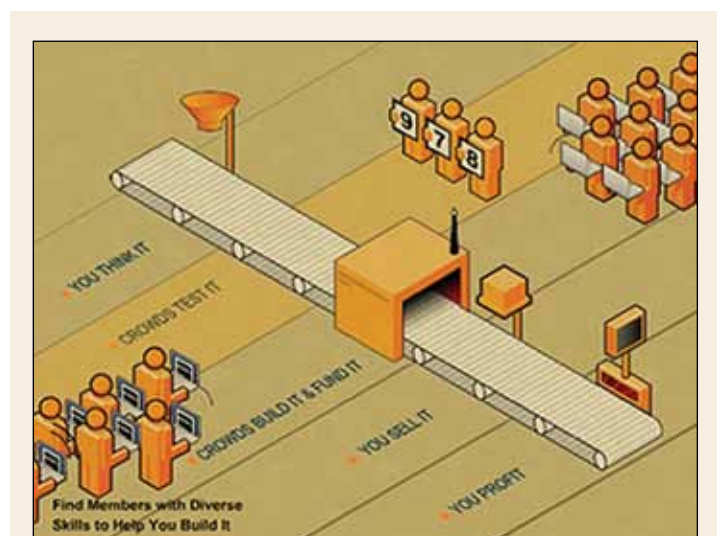
The Obama administration says its policy is to increase transparency, citizen participation, and collaboration. It has taken some initial steps by revising Freedom of Information Act requirements to shift the default process from one in which agencies withhold information unless it is requested, to one in which they share information unless there is a reason to withhold it. In addition, as part of the Recovery Act, it has required an enormous data-sharing effort by agencies on where monies are going, how they are being used, and what results are being achieved. It will release a fuller action agenda in May of 2010.

What are the implications of this? By making data more widely available—even if only within the federal government—it will empower a wide range of users to more routinely make fact-based decisions. This has the effect of pushing analysis and decision making down to the front line

instead of to staff offices. This could be the beginning of a new performance agenda, which author W. David Stephenson calls “democratizing data.” Support for making such data available more broadly to the public is being pushed by advocacy groups such as the Sunlight Foundation.

## Make Data Widely Available

The first step, according to Stephenson, is for agencies to “switch to a data-centric approach” that allows data to be identified and read by a wide range of programs and devices. Using data formats such as XML, XBML, or KML are among the leading approaches to doing this. The second step is to syndicate the data in streams such as RSS or Atom, which will allow it to be delivered automatically. That is, it doesn't have to be requested or searched for by the user. This is a powerful Web 2.0 feature that is widely used in daily life (for example, Google Reader, which is used to aggregate into one place news stories from multiple newspapers) and can be readily adapted for government data.



Crowdsourcing is the act of taking a job traditionally performed by a designated agent and outsourcing it to an undefined, generally large, group of people in the form of an open call.

**Source:** [crowdsourcing.typepad.com](http://crowdsourcing.typepad.com)

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## Make Data Visualization Tools Available

But just making performance data available in raw form isn't helpful by itself. Some "sense-making" is needed. That's where data "visualization" tools come in. Several demonstration sites are available for free on the Internet to show how this works. A popular one, Many Eyes ([www.many-eyes.com](http://www.many-eyes.com)), allows users to choose among 16 different data visualization tools (bar graphs, tag clouds, bubble charts) and apply them to any data set that you have. You load your data onto the site, analyze it using one or more of the tools, write a summary analysis ... then anyone else can apply another tool, analyze, and leave their comments for you and others to read. Comments then can be ranked by users in terms of their usefulness. The site, sponsored by IBM, has over 20,000 data sets that have been loaded and analyzed. A similar site, Swivel ([www.swivel.com](http://www.swivel.com)), also makes it easy to add visualizations to blogs.

## Examples of Uses

You can use this approach either internally within a government agency, or open it up across agencies or to the public. It allows you to create interactive reports, build your own reports from different sources, and collaborate with others in making performance assessments.

An example of the internal use of aggregated data feeds is Virtual Alabama. The state of Alabama worked with Google and federal, state, and local agencies to develop a map of the state that integrates data from various sources to ensure emergency responders have real-time access in the case of an emergency, such as a hurricane. The geographic data include power grid, locations of fire hydrants, building layouts, topographical elevations, etc. This data can be shared securely among federal, state, and local officials.

### Many Eyes



Many Eyes is a bet on the power of human visual intelligence to find patterns. Our goal is to democratize visualization and to enable a new social kind of data analysis. As part of IBM's Collaborative User Experience research group, we explore information visualizations that help people collectively make sense of data.

### Apps for Democracy

The first edition of Apps for Democracy yielded 47 web, iPhone, and Facebook apps in 30 days—a \$2.3 million value to the city at a cost of \$50,000. Our mission with "Community Edition" is twofold: to engage the populace of Washington, DC, to ask for their input into the problems and ideas they have that can be addressed with technology, and then to build the best community platform for submitting 311 service requests to the city.



An example of public access to performance information is the District of Columbia's Government Data Warehouse. The city releases real-time data feeds for 274 different data sets from multiple agencies: restaurant inspections, 311 calls, 911 calls, building permits, garbage collection, city purchase orders, etc. The goal is to have this ready access serve as a catalyst to be more responsive. It allows bottom-up citizen oversight, not just top-down auditing. It also allows data to be used by citizens to "mash up" with other data to make it more useful. For example, the city held a contest, "Apps for Democracy," inviting citizens to invent new ways to use the city's data. The prize winner received \$20,000, and participants got to rank the different submissions. There were a number of ingenious uses: maps of where parking was allowed at different times of day, real-time alerts of crimes and building permits, and car pool match-ups.

## Challenges to the Hierarchy

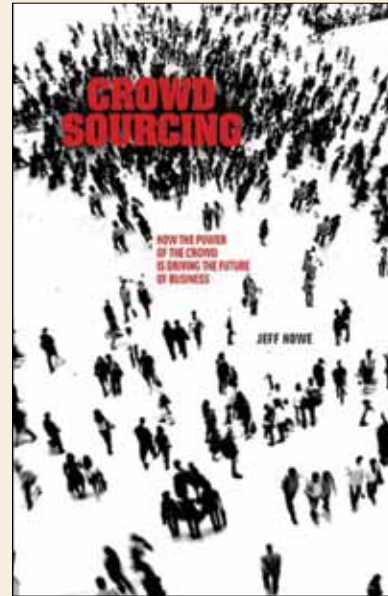
Providing open access to raw performance information—internally or publicly—will challenge the traditional hierarchy and chain-of-command culture that exist in most public agencies. As a consequence, there likely will be opposition to its use. It breaks the hierarchical control of the data. It takes power out of the hands of staff analysts by allowing alternative assessments. For political leaders, it introduces unknown consequences, since the public may find insights that were not obvious to government officials or analysts. This, in turn, could interfere with an intended political message, possibly reordering priorities.

In addition, there will be questions raised by professional analysts about data quality and the quality of data analysis. However, Intuit and Wikipedia use this approach to gain the "wisdom of crowds" (also sometimes called "crowd sourcing") in their businesses, and the quality and accuracy of the information tends to be equivalent to that produced by professional analysts. In any case, this may be the beginning of a new accountability structure for networked government.

## Getting Started

Stephenson says getting started has both a technical and a managerial component. The technical component is providing structured data with an automated data feed. Start small, and start with internal sharing. The managerial component allows the data to be shared. Start with defining who should have access to what data, depending on their roles and responsibilities, then start to expand access. Give users the tools to analyze the data; the District of Columbia government has a worker's dashboard of tools. Once there is some

## Crowdsourcing



First identified by journalist Jeff Howe in a June 2006 *Wired* article, "crowdsourcing" describes the process by which the power of the many can be leveraged to accomplish feats that were once the province of the specialized few. Howe reveals that the crowd is more than wise—it's talented, creative, and stunningly productive. *Crowdsourcing* activates the transformative power of today's technology, liberating the latent potential within us all.

comfort with this approach, start to expand it outside the government to citizens. Again, start with a few feeds, then expand as the comfort level rises.

## Does This Have a Chance?

These ideas may seem radical. Do they have a chance? Well, the new federal chief information officer, Vivek Kundra, used to lead the cutting-edge efforts in the District of Columbia mentioned above. He has created a federal website ([www.data.gov](http://www.data.gov)) as an access portal for raw federal data feeds. As of fall 2009, this site has become the gateway to more than 110,000 data sets. Also, Congress enacted a provision in early 2009 requiring the legislative branch to make its own data feeds available more broadly. It seems to be the right atmosphere in which to dip your toes in the water if you think this is a way to increase performance-oriented management in your own agency. ■

# Government Security Initiatives with an Impact on the Transition

By Martha Joynt Kumar

One of the aspects that makes the 2008-2009 transition such a well thought out one is the groundwork laid by government actions taken to enhance national security. The Congress and the president viewed a smooth transition a national security necessity and both branches took action on issues related to getting a new administration up and running as soon as possible. The impetus for much of their preparatory work was the events of September 11, 2001. The attacks on the United States that day had a substantial impact on the shape of the 2008-2009 transition. In two particular subject areas discussed here, the National Commission on Terrorist Attacks Upon the United States [the 9-11 Commission] recommendations shaped the course of the 2008-2009 presidential transition. Security clearances for administration nominees and contingency crisis plans are areas where Congress and the administration took action.

The focus of this article is the thoughts and reflections of those involved in the most recent presidential transition on these two issues: security clearances for administration nominees and contingency crisis plans. Developed through interviews I conducted with those active in the transition, the piece describes the actions officials took and their thoughts about what happened during the pre-presidential period in preparing for a smooth handoff of power.

## Revamping Security Clearances for Presidential Appointees

The 9-11 commissioners criticized the lack of a full complement of presidential appointees in national security positions at the time of the terrorist attacks. One of their recommendations to Congress and the president was to see future national security teams in place sooner than was the case in 2001. "Since a catastrophic attack could occur with little or no notice, we should minimize as much as possible the disruption of national security policymaking during the change of administrations by accelerating the process for national security appointments." (9-11 Commission Report, 422).

Congress and the president responded to the commission's recommendations for a smooth transition by providing in the



U.S. President George W. Bush and First Lady Laura Bush (center) greet U.S. President-elect Barack Obama (left) and his wife Michelle Obama (right) on the North Portico of the White House in Washington, DC, on January 20, 2009.

AFP/Getty Images

Intelligence Reform and Terrorism Prevention Act of 2004 changes in the security clearance process for nominees to executive branch positions. In the section on presidential transitions, the act calls for the president-elect to submit names for clearance after the election results are affirmed. (Intelligence Reform and Terrorism Prevention Act of 2004, Sec. 7601 Presidential Transition, (f)(1). At the same time, the act provides that the two major party candidates can begin setting up their organizations for the transition by submitting names for national security clearance prior to Election Day. (Intelligence Reform and Terrorism Prevention Act of 2004 (c)(2). This section of the act was a potentially useful tool for the presidential candidates. They could submit names to the FBI for security clearances so that the eventual victor could be prepared for national security events on Election Day and following the election.

The White House was particularly interested in having the

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transition teams for the presidential candidates make effective use of the new legal provision allowing the candidates to clear their names early. White House Chief of Staff Joshua Bolten, who led the transition out of office for the President George W. Bush, talked about his discussions with representatives of the candidates. "I thought the most important thing for them to focus on was the personnel side and that they really needed to get that going early; that we were there, ready to use the authorities from the legislation to get them clearances and that we wanted to put in place a mechanism that would permit them, without fear of compromise either on the general issue of being presumptive and sort of arrogantly starting to name people, or on just the specific side of names getting out."

The Obama transition team began submitting names in the summer of 2008 after they met with Justice Department officials in a joint discussion with Republican presidential nominee Senator McCain's representative to discuss transition resources. Christopher Lu, executive director of the Obama transition, described the Bush administration's effort to implement the clear-early provision in the 2004 act. "One of the things we had to do was get security clearances for our folks, because there was a whole group of people who would need access to classified information...on November 5th.... They said first, 'Shoot for maybe submitting a hundred people's names for clearances, for interim clearances'.... We probably submitted about 150, 200 [names]. We submitted well more than a hundred."

### Further Streamlining the Nomination Process

The Bush administration tried to reduce the time needed to perform a national security investigation in advance of the transition period. Clay Johnson, the deputy for management at the Office of Management and Budget, used several approaches to reach the goal of getting presidential appointees requiring Senate confirmation (PAS) into office earlier than was true in 2000-2001. Johnson said his focus was two-fold: "Expand the capacity to do the work and shorten the process, the elapsed time."

There were three ways the Bush administration sought to increase capacity. First, require the FBI, the agency conducting many of the national security clearance investigations, to reduce the amount of time it takes to conduct an investigation and, second, have the Office of Personnel Management (OPM) do investigations as well. Johnson explained how the government determines how many clearances need to be done and then asks the FBI figure out what resources it needs to reach that goal. "You go to the FBI and you say you need to figure out what sort of staff you need to be able to do this in 30 days, maximum. It used to take 60 days on average, including filling out the paperwork for the applicant. Sixty days average is not satisfactory. We expect 30 days maximum. So the FBI goes back and they have to figure out how many extra agents to hire and how to change their processes

AFP/Cetty Images



Barack Obama is sworn in as the 44th U.S. president by Supreme Court Chief Justice John Roberts in front of the Capitol in Washington, DC, on January 20, 2009. Michelle Obama holds the Lincoln Bible.



and so forth. So they were charged to go do that.” In addition to increasing the funding for the FBI to hire a sufficient number of agents or personnel to conduct the investigations, Johnson also recommended using the Office of Personnel Management, a process they were less successful in bringing about.

Third, the Bush White House took an additional step to get needed presidential appointees in place early in an administration. Their effort was aimed at reducing the number of presidential appointed positions requiring Senate confirmation. The effort failed. The idea was to reduce non-policymaking positions requiring Senate confirmation from PAS [presidential appointee Senate confirmed] to PA [presidential appointee not requiring Senate confirmation], presidential appointments not requiring consultation with Congress. With Clay Johnson leading the internal effort to streamline the process in 2001, White House officials came up with a list of positions that the Bush administration believed could be dropped from the list of approximately 1,200 Senate confirmed ones. “The actual letter we ended up sending to the Congress, and I think it was over 100, maybe 140 or 150 positions that weren’t policy positions, they weren’t high level operational positions, they were support positions,” explained Johnson.

The response of the Senate leadership was not positive. “They looked at it and they disagreed with our definition of what was critical or not. They came back and had whittled the list down to eight positions.... we got the message that they weren’t interested and said thank you.” Johnson said that the “issue is not whether they need to confirm somebody or not to ensure that America is having the best and the brightest in these positions. That’s not the thing that drives their thinking.” Senators of both parties are interested in having leverage with administration officials. “Every appointee is a bargaining chip.... the more power and leverage they have over an administration the more they like it. ”

Senators want the lower level positions to retain their PAS status, as lower level positions are more realistic bargaining chips than are cabinet secretaries. “They wouldn’t dare try to bargain with somebody who is going to be Secretary of Education....because that’s high profile. They would rather do their bargaining with some lower profile people because it’s sort of a nuisance and you try to get rid of the nuisance.” Johnson’s chief staff aide, Robert Shea, pointed out that political appointees who have managed to get through the confirmation process enjoy the added legitimacy Senate confirmation provided them and are just as reluctant as senators to see positions converted to PA ones.

## Creating and Sharing Contingency Plans

The second area of recommendations that became an important part of the 2008-2009 transition was the 9-11 Commission recommendation calling for an administration to provide national security threat information to the incoming team as soon as possible after the election. There were a variety of ways in which the Bush administration provided information on national security issues, including one-on-one meetings of the incoming and outgoing cabinet officers and agency heads, like the one on Inauguration Day, and through contingency plans dealing with national security threats.

National Security Advisor Stephen Hadley reported to Bush’s Transition Coordinating Council [TCC] on December 4, 2008, that the core national security teams for the president and the president-elect had met and discussed the review underway of the administration’s Afghanistan operations as well as the operational aspects of the war on terror (author’s notes). President Bush was involved in preparing a series of memoranda for the record on 40 issues, a project discussed later in the article. Steve Hadley prepared a series of 17 contingency plans. “If the worst happens, here are some responses,” he told the TCC members in early December about the project. While the contingency plans were an ongoing operation, Joshua Bolten commented that “we put a lot of effort in towards the end of the administration into making sure that those [were] updated, in place...ready to hand over in good shape....Our impending departure...really helped focus our minds on making sure those things were right before we left.”

The work was done in the NSC’s Office for Strategic Plans and Institutional Reform. The group gathered information from across the administration about possible crises that might arise, Steve Hadley said. “And they in turn started to work with the policy planning people at Treasury, State, and DOD, to start addressing issues... three to five years out.” The individual plans were developed through an administration-wide search for information.

## Developing Crisis Training

Crisis management was an important part of the President Bush’s transition out of office. When they began working on the transition in early 2008, Chief of Staff Bolten worked with Deputy Chief of Staff Joe Hagin, who specialized in White House operations. “Joe and I started conversations probably in early 2008, maybe even before that for serious planning..... We wanted to be sure that each of the operating units was leaving behind a good record of how they did business, and that required a fair amount of lead time,” said Bolten. “It’s very hard to get people who have more than full plates on a daily basis to focus on an event ...everybody



In this image provided by the White House, President Barack Obama (right) meets with former President Bill Clinton (left) in the Situation Room of the White House on August 18, 2009, in Washington, DC. Also pictured are (2nd left-right) National Security Council Senior Director for Asian Affairs Ambassador Jeff Bader (behind Clinton), Deputy National Security Advisor Tom Donilon, National Security Advisor General Jim Jones, and Vice President Joe Biden.

either thinks or hopes won't happen. To get them to spend time preparing for that is hard." Hagin worked on emergency planning until he left the White House on July 23rd. "Joe spent a lot of time trying to make sure that ...before we left... we had in place the best possible emergency procedures and that we had mechanisms to make sure that incoming people were trained and that there would be continuity between the administrations."

Joe Hagin's emergency plans later led to a crisis training event held on the White House grounds on January 13, 2009. The Obama and Bush White House and national security teams worked together on a manufactured crisis scenario involving improvised explosive devices in several cities (Ward). It was an opportunity for the incoming and outgoing officials to sit next to one another and think through possible crisis responses. White House Deputy Chief of Staff Joel Kaplan observed, "Part of it [the crisis exercise] is ...sobering to the incoming team and it tells them here is a bunch of stuff I need to learn about quickly and be ready for ... [that] was not the case in the mind's of either the outgoing or incoming administration in 2001....I think everybody from both sides appreciated the importance of getting it right."

The Bush team valued crisis training because they knew from 2001 and Hurricane Katrina how difficult it was for personnel across the government to work together in situations where they did not know one another. In his role at the Office of Management and Budget, Clay Johnson was involved in the development of training for crisis manage-

ment. The idea for such a plan came from what they learned in Hurricane Katrina about the operation of the government in crisis. You need to have a history with people in other agencies, otherwise it is difficult to make the initial contacts work if they get together for the first time in a crisis. Johnson observed, "We do way more things that are government-wide now than we did 10 years ago....So one of the things that came out of Katrina was an initiative to train our people, orient and train and groom people ...such that they are used to working with their counterparts in other agencies." This is important in settings where conditions are not optimal for decision-making. Such as situations "where they never have enough information about what's going on, where there's no clear recipe for success."

The 2008-2009 transition taught us that all benefit when a president directs early and thorough preparations for the change of administrations. At the direction of President Bush, Joshua Bolten guided a government-wide effort to define and then meet the needs of the new administration. Presidents today cannot afford to let preparations wait until after the election. Through legislation, executive direction, and individual effort, the Congress, President Bush, and career and political officials in the departments and agencies all worked hard at preparing the next president and his team for the responsibilities of governing, especially in the national security area. ■

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# Leading NASA: Three Administrators in Retrospect

*By W. Henry Lambright*

Why do administrative leaders of government agencies succeed and fail? Why do some leaders do well at certain points in their careers and poorly at other instances? The answers are barely understood, although virtually everyone admits that the subject of leadership is fascinating. I recently studied the tenures of three NASA Administrators, under IBM sponsorship: Dan Goldin, Sean O'Keefe, and Michael Griffin.<sup>1</sup> Their terms spanned 1992 to 2009. What do their records say of the quality of leadership in government?

The central lesson is easy to state and difficult to comprehend. Leaders are most effective when their skills and operating style suit the needs and tasks of their agencies and the political settings of the times in which they serve. Such an alignment does occur, and when it does, effective government can result. Occasionally, the alignment is exceptional,

as when James E. Webb led NASA in the Apollo 1960s.<sup>2</sup> More often, the alignment is imperfect, fleeting, and leaders do the best that they can.

Goldin, O'Keefe, and Griffin were all accomplished men, yet they were very different from one another. Goldin is a model of a change agent, an entrepreneurial executive, better at starting than managing programs. O'Keefe was a financial specialist and generalist manager. He was also an inside-the-Beltway political operator. Griffin was a technocrat, a gifted engineer and implementer who was uneasy with his political role.

What did each bring to the job in terms of background, skill, and style? What did they do in office? What were their accomplishments? Where did they fall short? Why? The answers lie in the mysteries of match and fortune.

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1992 — DAN GOLDIN — 2001

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## **Dan Goldin: Space Enthusiast and Entrepreneur, 1992-2001**

Goldin was 51 when President George H.W. Bush appointed him NASA Administrator in 1992. He was vice president and general manager of TRW's Space and Technology Group. Born in New York City, he had received a B.S.

in mechanical engineering from City College of New York in 1962. Fascinated with space since boyhood, he worked for NASA's Lewis Research Center in Cleveland immediately after college. He wanted to help send astronauts to Mars after reaching the moon. When it became obvious to him that the country was moving in a different direction, he left NASA in 1967 to join TRW, an aerospace company based in California. There, he worked on national security space projects, advancing steadily in executive power and reputation in the classified world. He never lost his love for civil space, and was a vehement advocate for manned flight to Mars.

## **Style**

Goldin was hard-driving, intense, and confrontational. He concentrated on the weaknesses in an organization, not on its strengths. He was creative, and in some ways, visionary. His most obvious characteristic was his passion for space exploration. When he spoke, he came across as an evangelist. He was unusual, in that he could communicate with scientists and engineers about technical matters as well as with politicians and schoolchildren about the cosmos. His passion served him and NASA well with outsiders; he was a compelling speaker and natural salesman.

Although his creative style was good for NASA, Goldin had weaknesses organizationally. At TRW and at NASA, detractors called him Captain Chaos and Captain Crazy. His intimidating style could at times cause followers to fear him—and not give him information a leader has to have to make timely decisions.

## **Assessment**

When Goldin came to NASA in 1992, he was sorely needed. The organization's technical reputation was down, its lead project, the Space Station, endangered. Centrifugal forces were in control. The very office of NASA Administrator



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was weakening. NASA's allies were deeply worried about its future. In accepting the job, Goldin elicited from the president and his staff not only a mandate for change, but assurance that he would be "in charge." Once in office, Goldin left no doubt that he was calling the shots, sometimes harshly so, and he stayed in office until November 2001, becoming the longest-serving NASA Administrator in history. When he left, the office of NASA Administrator was again a powerful one, even though he personally had seen his reputation slip in the final years.

Goldin's record as a change agent was mixed, but decidedly positive, on balance. His most important achievement, from NASA's standpoint, was saving the Space Station. It came within one vote of being killed in the House in the summer of 1993. Billions had been spent and no hardware was in space. His achievement was technical and political. He brought President Bill Clinton into a coalition of support by changing the station's design and rationale. It had been approved in 1984 as a tool of Cold War competition with the Soviet Union. Now, with the Cold War over, Goldin argued

that it could be a symbol of post-Cold War cooperation with the Russians. Clinton saw the value in the station for his emerging Russia policy.

In November 2003, Clinton called a pivotal meeting in the White House, during which Goldin met with principal administration and congressional leaders and all agreed to make the Space Station a national priority. This meant that NASA's budget would be sustained annually at a level that Goldin said was adequate to get it built. Clinton, Gore, and congressional leaders got behind the program, and it moved forward. Goldin guided the implementation of the merger, and in doing so, broadened the international leadership potential of the NASA Administrator's role. Late in the 1990s, the annual budget, agreed-to in 1993, proved to be too low and had to be supplemented. Goldin's credibility suffered, but Clinton and Congress added the necessary funds, and by the time Goldin left, a US-Russian core station was up and occupied.

Another important legacy was Goldin's revamping of the unmanned space science program. He won leverage in

Cetty Images



Dr. Wesley Huntress (L), NASA Associate Administrator for Space Sciences and Daniel Goldin (R), head of NASA, sit in front of a scene of the Martian surface and next to models of the Mars Pathfinder Lander and Sojourner during a press conference updating the media on the status of the Mars Pathfinder mission.



NASA

This image of the International Space Station (ISS) was photographed by one of the crew members of the STS-105 mission from the Shuttle Orbiter Discovery after separating from the ISS.



Hubble Space Telescope repair.



Orion Nebula from Hubble Space Telescope. (Digital Composite)

making across-the-board changes by directing the successful repair of the Hubble Space Telescope, whose blurred images had been an embarrassment. Hubble became a triumph, technically and in public relations. He turned the failure of the \$1 billion Mars Observer into a trigger for applying a new technical-management strategy, called “faster, better, cheaper,” to all science efforts, especially robotic Mars exploration. Scientific advances helped spawn Origins, an awe-inspiring program that looked for planets like Earth around stars other than our sun. When the Pathfinder landed on Mars in 1997, releasing its tiny Sojourner rover, the “faster, better, cheaper” approach was hailed as a success. The Pathfinder cost approximately one-fourth of the expense of the failed Mars Observer. Buoyed by these actions, Goldin began planning for a possible manned Mars program.

Goldin also applied “faster, better, cheaper” principles to Earth-observing satellites. Although “faster, better, cheaper” lost its luster late in Goldin’s tenure, the successes proved that smaller, less complex spacecraft, making the most of micro-electronic innovations, could work.

Another change strategy that Goldin engineered was a streamlining of NASA’s structure. The agency was considered bloated and bureaucratic when he became NASA’s leader. Goldin downsized, privatized, and decentralized with a determination that brooked no dissent. In doing so, he linked NASA directly to Gore’s government reinvention campaign.

What Goldin did as a change agent was necessary and desirable in the 1990s. The post-Cold War political setting

reduced NASA’s budget. Either the NASA Administrator had to eliminate programs, or find a way to do them with less money. He chose the latter course. For a long time, it looked as though the Goldin Revolution was an amazing success, then came the downside.

Goldin, the entrepreneur and change agent, did not see the limits of change, and many subordinates who saw problems either had great trouble getting him to listen or refrained from telling him anything. His clearest failure lay with a successor to the Space Shuttle. NASA needed to develop a successor, so Goldin sponsored a public-private project called the X-33. He pursued the most innovative—and, hence, riskiest—technological approach. It did not work, and late in his tenure, he terminated the X-33 after \$1 billion had been spent.

In 1999, two Mars probes failed—probes that had pushed “faster, better, cheaper” to a higher level of risk than the Pathfinder. Reality forced him to confront the limits of change. He learned, reversed course, asked for and received additional funds and authorization to hire personnel. He allowed the Mars program to go more slowly and cost more. The positive result for Mars came after he left, in 2004, when the twin rovers, Spirit and Opportunity, landed and began their long, immensely successful journey on the Red Planet.

Goldin’s achievements outweighed his negatives. He clearly set the agency on a new course, but just as clearly overreached. As with many leaders, his strengths as an entrepreneur and risk taker were also weaknesses. The alignment of man, organization, and times was effective for years, but Goldin’s own style eventually pushed it off course.





### Sean O'Keefe: Generalist Manager and Political Operator, 2001-2005

Forty-five at the time of his appointment in December 2001, O'Keefe was born in Monterey, California. After earning a bachelor's degree from Loyola University in New Orleans, O'Keefe went to the Maxwell School of Citizenship

and Public Affairs at Syracuse University, where he earned a Master of Public Administration degree in 1978. After a stint as a budget analyst for the U.S. Department of Defense, he spent the 1980s on the staff of the Senate Appropriations Committee. There, he got to know many influential lawmakers, including Rep. Richard Cheney. When George H.W. Bush became president in 1989, and Cheney his secretary of defense, Cheney tapped O'Keefe as his comptroller and chief financial officer. In 1992, Cheney made him secretary of the U.S. Navy, charged with cleaning up a sexual harassment mess known as Tailhook. In 2001, President George W. Bush and Vice President Cheney brought O'Keefe back to Washington as deputy director of the Office of Management and Budget (OMB).

### Style

O'Keefe was not a technical man. He was a professional manager whose experience was in Washington. He was also a political operator, well-connected with influential figures inside the Beltway. He did not profess expertise in space policy,

although he had considerable experience in the budgeting of large-scale technical programs. Detractors of NASA would call him a "bean counter," but he used that term in relation to himself and made it clear that financial management was a legitimate skill needed in government. His style was to make decisions with budgets as a tool in determining the relationship of policy to resources. He was affable, approachable, and often self-deprecating. He was very unlike Goldin, who often seemed a one-man show. O'Keefe liked to emphasize a team effort and process in decision making. He was not afraid of dissent, but when he made up his mind, his will was strong.

### Assessment

Bush chose O'Keefe to replace Goldin, at Cheney's recommendation, because they believed Goldin may have been an able entrepreneur, but was not a good manager. He had allowed the International Space Station (ISS) to get out of control, financially. As the Bush administration came to power, it was greeted with a \$4.8 billion overrun afflicting the ISS. Goldin blamed the Johnson Space Center, to which he had decentralized power as he downsized NASA's headquarters. Bush decided that NASA, and especially the ISS, needed a strong dose of good financial management. Who better than the deputy director of the OMB to administer that dose?

During his first year, 2002, O'Keefe won reluctant praise from the space community for his steady hand. He seemed to be bringing ISS costs under control. He also reduced the use of Goldin's hyperbolic "let all flowers bloom" approach in favor of a more restricted and incremental strategy. He was a consolidator and cautious innovator. Instead of Goldin's technol-

Getty Images



An artist's rendering of the Joint Orbital Sciences and Northrop Grumman "Space Taxi" concept is depicted riding aboard a Heavy Evolved Expendable Launch Vehicle. The replacement for NASA's aging space shuttles may take off like a plane, be propelled by booster rockets that fly back to Earth, and in one of the more radical moves, eliminate pilots. Fifteen design concepts for the "Space Taxi" were unveiled.



Congressional Quarterly/Getty Images

Media coverage of NASA Administrator Sean O'Keefe's testimony was heavy during a joint hearing of the Senate Committee on Commerce, Science, and Transportation and the House Science Subcommittee on Space and Aeronautics to examine the space shuttle Columbia accident.

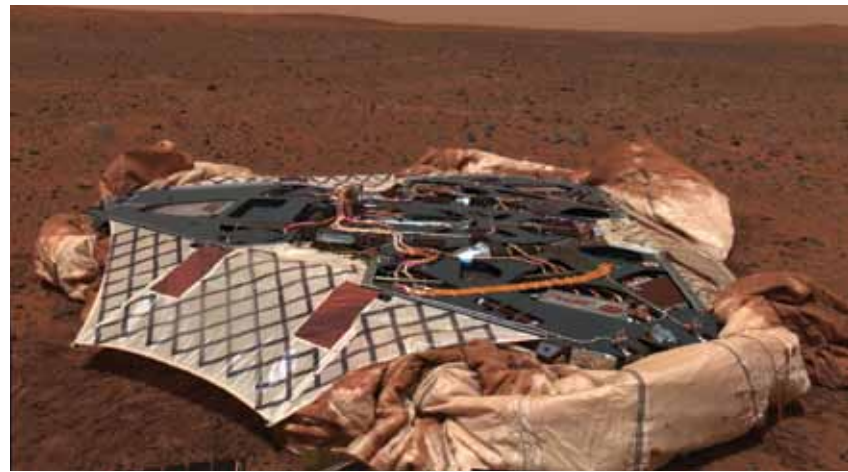


ogy-frontier X-33, he called for an Orbital Space Plane (OSP) that would be a relatively modest complement to the Space Shuttle. With OSP's help and an upgrade, the shuttle would be extended to 2020. Instead of Goldin's Mars passion, O'Keefe eschewed "destination-driven" goals in favor of science-driven approaches and gradual technological development. Some space enthusiasts wanted a "bolder" agenda, but O'Keefe seemed to be in alignment with NASA's capacity, problems, and the political environment's desire to hold domestic budgets down in order to fight wars in Iraq and Afghanistan.

Then, in his second year, O'Keefe had to play a new role: disaster manager. On February 1, 2003, the Space Shuttle Columbia disintegrated as it entered the atmosphere, killing all seven astronauts aboard and spreading debris over parts of Texas and Louisiana. O'Keefe now would be judged by how he handled this disaster.

His performance in this respect was positive. O'Keefe recognized immediately that Columbia was a watershed event for NASA, and would take all the skills he had, as well as support from Bush, to get through the trauma. He took visible command of NASA in dealing with the media, White House, Congress, and the public. He was decisive, open, and consistent in his statements. With Bush's backing, O'Keefe appointed the Columbia Accident Investigation Board (CAIB) to conduct the investigation. While giving the panel requisite resources and independence, he was able to get rapid feedback on what went wrong so that he could make the necessary technical, organizational, and personnel changes. In dealing with a subsequent congressional investigation, he adamantly refused to engage in a "public hanging" of certain NASA officials that lawmakers wanted him to punish.

He used the Columbia event to get a presidential decision for NASA to go back to the moon, and on to Mars and beyond. The way he did this reflected his skill as a political operator. Using Cheney's influence, he mobilized a high-ranking inter-agency committee led by the deputy director of the National Security Council, Steve Hadley. This body met in the latter part of 2003, with its climax a meeting for leading members with the president in December 2003. There was a consensus that lives should not be risked simply to go back and forth, around and around, in low-Earth orbit. The manned space program was about exploration, and NASA should go back to the moon. Bush made it clear that he wanted more—to go to Mars. Hence, the decision was made to launch a new mission to go back to the moon by 2020, with Mars and other destinations targeted for sometime in the future. With O'Keefe negotiating forcefully with his former associates at the OMB, a strategy was devised by which the Moon-Mars program would get a \$1 billion increment in NASA's next budget, with



This image mosaic taken by the panoramic camera on board the Mars Exploration Rover Spirit shows the rover's landing site, the Columbia Memorial Station, at Gusev Crater, Mars.

further raises ahead as the shuttle was phased out in 2010. A moon-relevant successor would come on line in 2014.

O'Keefe had to sell the decision to Congress and to the public. He went about the advocacy task in his third year. But O'Keefe made a mistake, which was compounded by bad luck. The CAIB recommended NASA not launch the shuttle unless it had a capability for in-orbit repair. Such a capability might be possible, where the ISS could be used as a safe haven. The Hubble Space Telescope repair was in a different orbit, negating space station use. O'Keefe decided in late 2003 not to spend money to prepare for a shuttle mission to Hubble that was not going to take place because of safety concerns. In making this decision, O'Keefe did not go through an elaborate risk analysis process, or consult broadly—an approach that was different from his customary style. It was his own judgment call. He knew it would be controversial, and expected to use certain informative processes to mollify those affected.

He never had the chance to do that, for the decision was leaked inadvertently, in early 2004, at the same time the Moon-Mars decision was publicized. It thereby came across as abrupt and arbitrary, with the popular Hubble a budgetary casualty of the Moon-Mars decision. This was not the case, but that was how opponents of the decision framed it. The Hubble controversy proved a huge distraction. O'Keefe was adamant about not using a shuttle to repair Hubble, so much so that he became an issue with some critics.

Hubble notwithstanding, O'Keefe got close to a \$1 billion raise to jump-start Moon-Mars through Congress. With the new mission funded, at least initially, O'Keefe announced that he was leaving NASA, effective in February 2005.



### Michael Griffin: Space Technocrat and Implementer, 2005-2009

Fifty-five at the time of his appointment, Griffin was born in Aberdeen, Maryland. As long as he could remember, Griffin was enchanted by space, and read voraciously in astronomy. He received a bachelor's degree in physics from

John Hopkins University and then a PhD in aerospace engineering from the University of Maryland in 1977. Soon after, he joined the Jet Propulsion Laboratory, which was managed for NASA by the California Institute of Technology. There, he worked on planetary missions, including potential Mars rovers. In 1979, NASA abruptly cancelled the Mars work, a decision that appalled Griffin and triggered his resignation.

He returned to Maryland and went to work for the Applied Physics Laboratory of Johns Hopkins, where he concentrated on U.S. Defense Department projects, eventually working on President Ronald Reagan's Strategic Defense Initiative, a space-based missile shield known as Star Wars. In 1989, the Defense Department hired Griffin as the deputy for technology of the Strategic Defense Initiative Office. When President George H.W. Bush proclaimed his Moon-Mars mission, Griffin moved to NASA to head the office charged with planning its implementation. The program never got congressional support, and President Bill Clinton cancelled it in 1993. He left NASA in 1994 for the private sector. He was head of

the Applied Physics Laboratory's Space department in 2005, when President George W. Bush called him back to NASA as its leader to implement Bush's Moon-Mars decision.

### Style

Griffin was the epitome of a rocket scientist, with a formidable intellect. Over the years, he had added five master's degrees to the bachelor's degree and PhD he already possessed. They were in various engineering fields, plus one in business.

Although broader, he characterized himself as a "Spock," the super-rational Vulcan science officer aboard the *Starship Enterprise* in the *Star Trek* series. He demanded data rather than softer forms of information when making technical choices. He worked long hours; avoided idle conversations; and was blunt, honest, and impatient with the pace and demands of bureaucracy and politics. He was every bit as zealous about space exploration as Goldin, and had declared "the future for humankind is in space and not on Earth." However, unlike Goldin, he controlled his enthusiasm. He was not gifted as a public speaker and sometimes made statements he later regretted. Nor was he an inside-the-Beltway political operator like O'Keefe.

He was, however, arguably the most qualified man in the country to manage the technical implementation of a Moon-Mars decision.

### Assessment

In his Senate confirmation hearings, Griffin pledged to implement the president's policy. Griffin said he would try, however, to accelerate the transition from the Space Shuttle to



Artist's concept of the Ares I-X and Ares I rockets.



This artist's rendering represents a conception of the Orion crew exploration vehicle approaching the International Space Station in Earth orbit.



Orion/Ares, as the successor vehicle came to be known, and to make it as seamless as possible. He indicated he would do this without cannibalizing space science and other programs of NASA. He also said he would review O'Keefe's decision to terminate the Hubble Space Telescope.

Griffin believed deeply in the Moon-Mars mission, and one reason that he wanted so intensely to bring Orion/Ares on line quickly was to establish a strong technical and political momentum that would sustain the program beyond the presidential transition in January 2009. He also saw an organizational need for NASA that was quite serious: a long gap between the shuttle and any successor could mean thousands of layoffs and the loss of personnel critical to the agency. That kind of loss had occurred in the period between Apollo and the shuttle. He saw a similar threat ahead. Finally, he worried about U.S. dependence on the Russians for manned space launches between 2010-2014.

The biggest obstacle Griffin faced as an implementer throughout his tenure was the failure of the White House and Congress to adequately fund NASA and the new mission. The environment was harsh, and Griffin did not have the political skills or contacts to mitigate the external problems he faced. O'Keefe had said in 2004, "What you'll see is the means to carry it [the decision] out, the budget, the dollars, the bucks, the capacity to actually do it." The president, O'Keefe predicted, would fight for "dollars to carry it out."

In the period between O'Keefe's leaving (February 2005) and Griffin's taking office (April 2005), the OMB received Bush's agreement to reduce NASA's five-year projected budget by \$2.9 billion. Bush's second term was dominated by the wars in Iraq and Afghanistan (especially by the former) and his desire to cut the federal deficit through domestic agency reductions. In January 2007, the Democrats regained control of Congress, and partisan conflict complicated all budgetary/appropriations decisions. The president and Congress agreed on the goal of a return to the moon by 2020, but their short-term decisions and fights worked against that long-term objective. It was in this daunting environment that Griffin guided NASA.

In spite of unfavorable times, what he did was impressive:

- Single-mindedly kept the new mission at the top of his priorities throughout his time in office;
- Specified clearly the major hardware requirements for how this mission would be accomplished;
- Made organizational changes, and recruited officials he regarded as competent to carry out the new mission;



Dr. Michael Griffin talks with STS-121 crew members after the landing of the Space Shuttle Discovery and conclusion of mission STS-121.

- Let contracts with industry to initiate hardware development, and determined the roles that various NASA centers would play; and
- Secured Congress to endorse legislatively the new mission in such a way as to make it a bipartisan national program rather than solely a Bush administration program, a move intended to help sustain the program through the presidential transition of 2009.

He thus presided over a critical early "launching" step in the transition from old to new programs in manned space. In addition, he returned the shuttle (grounded when he took over) to flight and moved the International Space Station (ISS) toward completion. He instituted a new program to enable industry to provide cargo services to the ISS after the shuttle was retired. Finally, he reversed his predecessor and decided to send a shuttle to extend the life of the Hubble Space Telescope, an extremely popular move.

In emphasizing a new mission, Griffin gave a lower priority to space science and engaged in a protracted struggle with the space science community during his tour, a fight that weakened his ability to unite and mobilize a space constituency behind the new mission.

His greatest disappointment was that he could not narrow the gap between the shuttle and its successor. Griffin was pushing hard for adequate resources to implement the Moon-Mars decision and speed up Orion/Ares. He wanted a substantial raise for NASA, in part because the shuttle was costing far more than projected in 2004. The OMB opposed him and argued for ending the shuttle early, before 2010. Griffin pointed out that the U.S. had international obligations



to finish the ISS and could not do that without the shuttle. Bush agreed to a modest NASA raise and to hold to the original decision, namely, retire the shuttle in 2010 and bring on the successor in 2014.

Griffin's strength was in technical management, not as a political operator or space salesman. Throughout his tenure, he blamed the OMB for his problems, but the OMB reported to Bush. The real difficulty was that the stimulus for the Moon-Mars decision had been the Columbia, and as that event faded into history and wars, Hurricane Katrina, partisan struggles, and other issues came to the fore, space slipped as a priority for both the White House and Congress.

### Conclusion

Leadership is about the match. When an executive's skills are closely aligned with an agency's needs and political setting, he or she can be most effective. As this essay shows, such an alignment can occur, at least for a period. Leaders do matter. They can make a major difference. Organizations and times matter too, and situations vary. Goldin was a good match for the post-Cold War NASA of much of the 1990s. The political system demanded a change agent, NASA needed change, and Goldin played the change agent/entrepreneurial role with gusto.

O'Keefe played three roles: competent administrator and incremental innovator in his first year, disaster manager and presidential-level political operator in his second, and salesman of Bush's Moon-Mars decision in his third. He was a good match for the organization and times, critically so in year two.

Griffin was an exceptional technical manager, and NASA needed such an individual for implementation. He moved quickly and strongly in his early period at NASA. NASA required also a political operator and public salesman in Bush's second term. The times became unfavorable for executing an expensive new mission like Moon-Mars, and presidential-congressional attention shifted dramatically away from space.

Viewed as a whole, the period from 1992 to 2009 has been filled by able NASA Administrators. Ideally, NASA would like to have someone who combined Goldin's entrepreneurial passion, O'Keefe's bureaucratic-political skills, and Griffin's technical acumen. Such paragons of administrative virtue are extremely rare. Mortals typically inhabit governmental executive suites. Matches do occur, but are seldom perfect or long-lasting. Relationships are dynamic, requiring executives to anticipate and adapt. The men discussed here did their best in difficult times. For the most part, they served not only NASA, but the nation, well.

## LESSONS LEARNED

There are many lessons the new NASA Administrator might derive from the experiences of the predecessors depicted here.

- 1. Style**—A leader must know himself or herself well, and ask: What do I bring to the organization? Where am I strong and where am I weak? How can I use my assets? How can I compensate for the weaknesses?
- 2. Organization**—A leader cannot do everything. He or she must determine the organization's greatest needs for the period ahead and translate them into priority goals he or she will try to achieve.
- 3. Times**—The leader should ascertain how the historical setting provides opportunities and constraints. He or she should ask: How can I build support for my priority goals within the organization and outside of it in the political environment? How can I overcome or mitigate the constraints?
- 4. Fortune**—The leader should know he or she will face unanticipated tests, and be prepared to move decisively and wisely to address them when they come. The leader should ask: how can I turn challenge to advantage?

### Implications for the Future

As this essay is written, NASA has a new Administrator, Charles Bolden. His credentials are outstanding, and he has political connections with Congress.

The task of leading NASA is eminently worthwhile and exceedingly challenging. President Barack Obama has said he wishes to inspire the new generation, especially in science and technology. NASA has a set of bold missions with the potential to inspire. It is the task of the NASA Administrator to make that potential a reality. ■

### Endnotes

1. W. Henry Lambright, *Transforming Government: Dan Goldin and the Remaking of NASA* (Wash. D.C.: IBM, 2001); *Executive Response to Changing Fortune: Sean O'Keefe as NASA Administrator* (Wash. D.C.: IBM, 2005); *Launching a New Mission: Michael Griffin and NASA's Return to the Moon* (Wash. D.C.: IBM, 2009).
2. W. Henry Lambright, *Powering Apollo: James E. Webb of NASA* (Baltimore, MD: Johns Hopkins, 1995).

# Collaborating on Cross-Boundary Outcomes from the Front Line

By John M. Kamensky

Government increasingly faces challenges—and is expected to achieve results—that reach across agency and program boundaries. These challenges include issues such as climate change, food safety, disaster response, and cyber security. The traditional approach has been to use agencies and programs to address the nation's challenges. While this approach helps ensure accountability, more frequently it tends not to produce results.

There have been proposals to create government-wide plans to address cross-cutting issues. There also have been efforts to establish collaborative convening functions—sometimes called “czars”—around these kinds of issues. These have been controversial and oftentimes fail to influence change “on the ground.”

So here's an idea.

A decade ago, business management expert Jim Collins observed that some businesses made dramatic improvements in their performance by instituting what he called “catalytic mechanisms.” A catalytic mechanism is a “galvanizing, non-bureaucratic means” of turning objectives into performance

by producing desired results in unpredictable ways. It distributes power for the benefit of the overall system, holds individuals accountable, removes nonperforming actors, and has an ongoing effect.

Here are four potential catalytic mechanisms to improve the way government works: encouraging radical transparency, organizing around customers, encouraging co-production with citizens, and empowering employees to collaborate and innovate. In each case, Web 2.0 technologies can facilitate broad changes in how government achieves outcomes that reach across agency boundaries.

## Encourage “Radical Transparency”

Transparency can be a catalyst for creating accountability around boundaryless services and results. The Obama administration has champions for this approach who have moved quickly to try to employ it. To illustrate this mechanism, I have outlined several federal and state initiatives under way:

- **Recovery.gov.** The American Recovery and Reinvestment Act of 2009 mandates specific reporting requirements on the use of the \$787 billion dedicated to the nation's economic recovery. It mandated the creation of a website to

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## Five Characteristics of Catalytic Mechanisms

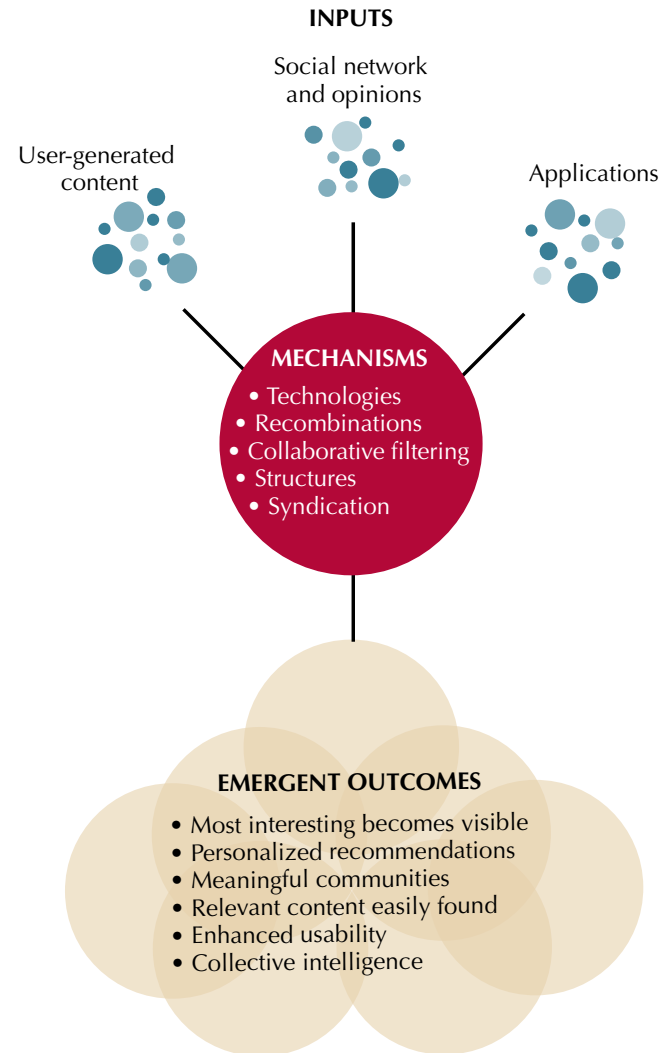
- Produce desired results in unpredictable ways
- Distribute power for the benefit of the overall system, often to the discomfort of those who traditionally hold power
- Have teeth
- Eject “viruses”—those people who don't share the company's core values
- Produce an ongoing effect



report on how funds are used by all federal, state, and local agencies, as well as by nonprofits and private entities that receive monies under the act. This reporting requirement is a significant step for the federal government. It calls for reporting not just the disbursement, but also the subrecipients, the progress, and selected performance outcomes (mainly, the number of jobs saved or created). The Recovery Accountability and Transparency Board created Recovery.gov as a means of meeting this reporting requirement. The first public reports were submitted in October 2009, with an estimated 90,000 entities submitting reports.

- **Information Technology Spending Dashboard.** In late June 2009, President Obama's chief information officer, Vivek Kundra, launched a public dashboard identifying ongoing federal information technology (IT) projects and their status ([it.usaspending.gov](http://it.usaspending.gov)). The dashboard informs the public about IT projects that are working and on schedule, and those that are not. Though this information was required under a 1996 law, it was only publicly reported annually in a dense table buried in the president's annual budget request to Congress. Until the dashboard was turned on, only 20 percent of ongoing IT projects had been evaluated for their effectiveness. Within a month, this increased quickly to 100 percent! The public report also led to the suspension of 45 ongoing IT projects in the Department of Veterans Affairs, with a total value of \$200 million.
- **Data.gov Initiative.** In late May 2009, the Obama administration launched Data.gov, a website making available to the public thousands of federal data sets. It makes "raw" data available and allows users to rank it by usefulness. For example, you can download data on mass layoffs, airline departure delays, and toxic releases—along with geographic overlays for the data. The purpose of Data.gov is to increase public access to high-value, machine-readable data sets generated by the executive branch of the federal government. As of August 2009, the site contained over 110,000 downloadable data sets from a variety of agencies.
- **Checkbooks On-Line.** State governments are also becoming more transparent, oftentimes by putting their expenditures on the web. Many call such initiatives "checkbook on-line" or "open checkbook." The state of Utah has launched not only a portal for financial transparency, but also a related web portal for performance transparency ([performance.utah.gov](http://performance.utah.gov)). State officials in Utah noted that, while the state had plans to move in this direction, the Recovery Act requirements basically "tipped the balance and pushed us to the point of no return.... It's not just what we are doing with Recovery Act dollars, but what we're doing with all the money."

## Web 2.0 Framework



The implications of these examples of "radical transparency" are potentially catalytic. They will likely create an expectation of access to near real-time, downloadable information both inside and outside government. This new access to unanalyzed data could change the balance of power between political leaders, government employees, advocacy groups, and citizens by making performance information far more dynamic.

## Organize Around Customers

Successful private sector companies have focused their business models on the design and delivery of customer-centric services. Mail-order companies such as Lands End or L.L. Bean provide powerful examples of this in action. Government agencies, however, tend to lag behind because





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they are oftentimes organized around mission and programs rather than customers/citizens. There are exceptions, primarily in countries that are members of the Organization for Economic Cooperation and Development. I've outlined examples:

- **Service Canada.** In the 1990s, Canada pioneered a “citizen-centered” network approach to delivering integrated social services. It organized around key life events of citizens (birth, education, marriage, etc.) as well as by specific groups, such as the elderly or the young. In 2005, Service Canada—an organization delivering a range of services from a variety of agencies—was launched. It provides a single point of access to government services for citizens. Canada’s 10 provincial governments created similar service integration ventures. These efforts required significant engagement of political leaders to create a collaborative network-based governance framework, the engagement of citizens and communities in the design and delivery of services, and a common technology infrastructure.
- **Customer service standards and surveys.** In the late 1980s, the United Kingdom launched an effort to set service standards for its citizens. This initiative inspired the Clinton administration’s reinventing government initiative

in the 1990s. President Bill Clinton directed agencies to develop service standards for their government services and to publish these standards. This led to significant rethinking within agencies as to who they served, and how. In the late 1990s, the Clinton effort shifted from articulating standards to surveys of citizens regarding their satisfaction with specific services. Agencies with significant interactions with the public took steps to determine what they needed to do to improve customer satisfaction.

Organizing around customers may represent a strong catalyst for reshaping how government organizes itself and delivers its services. For this to work, though, it would require significant rethinking by Congress on how it operates. One proposal is for Congress to organize its work around major outcomes via a “performance resolution” that would parallel the existing budget resolution.

### Engage Citizens in Co-Production

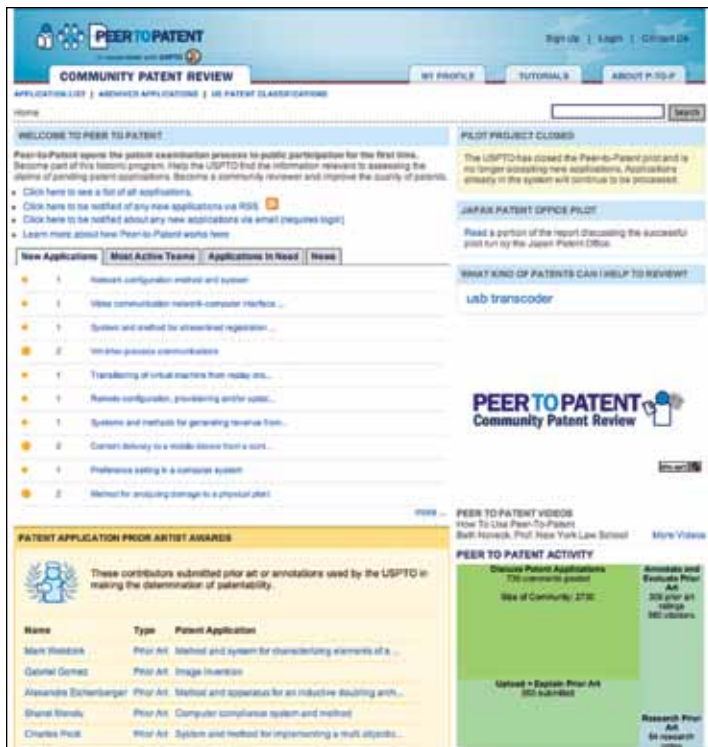
Private sector companies have established “user contribution systems” as powerful tools for extending their reach and rethinking how they work—thus enabling users to co-produce services. Examples include the tax firm Intuit, which created a user-maintained “help desk,” where users could post online tax questions and other users would reply with answers. This reduced the need for Intuit to hire tax experts to respond to questions, and it increased user loyalty to the firm. Similarly, Procter and Gamble participates in a research and development consortium, InnoCentive, which turns to a field of experts for solutions to technical problems. Procter and Gamble poses a research question and anyone in the network can propose a solution. The “winner” receives a monetary prize for his or her solution.

This approach to co-production—sometimes referred to as “crowd sourcing”—has begun to resonate in government and among nonprofits, as demonstrated in the following examples:

- **Peer-to-Patent pilot.** The U.S. Patent and Trademark Office (PTO) has experienced an increasing backlog of patent applications, with more than 800,000 pending. In mid-



Service Canada website.



Peer-to-Patent pilot website.

2009, the PTO completed a two-year pilot project, which allowed the public to help conduct research into proposed patents. The pilot was restricted to software-related inventions, and inventors had to volunteer to participate. For those inventors who did participate, the patent application underwent an expedited review. The pilot project encouraged the public to submit examples of related inventions and use social software to create online communities around particular areas of interests. Over 2,000 people signed up to participate in the review of 46 applications, and each spent an average of six hours conducting research on a single application. Preliminary results show that participating patent examiners overwhelmingly found the public contributions to be of value.

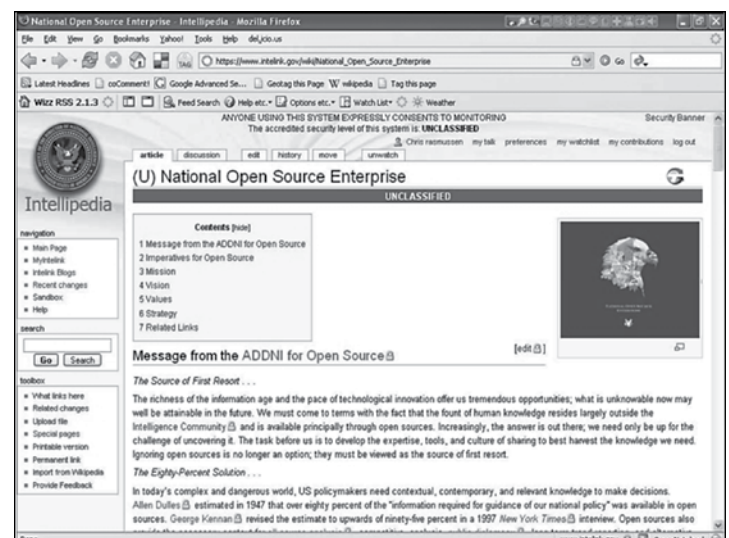
- **Pandemic flu video contest.** The U.S. Department of Health and Human Services sponsored a public contest in early 2009 encouraging citizens to produce a 60-second public service announcement regarding the impending swine flu pandemic.
- **Apps for America.** Sunlight Labs sponsored a contest asking citizens to design compelling online applications, using government data, that provide easy access and understanding for the public. For example, one computer application submitted identifies the most on-time flights between cities, based on data from the Federal Aviation Administration.

The implications of an increased use of co-production can represent a catalytic mechanism, in that citizens would not be just advisors but actual participants in government.

## Empower Employees to Collaborate and Innovate

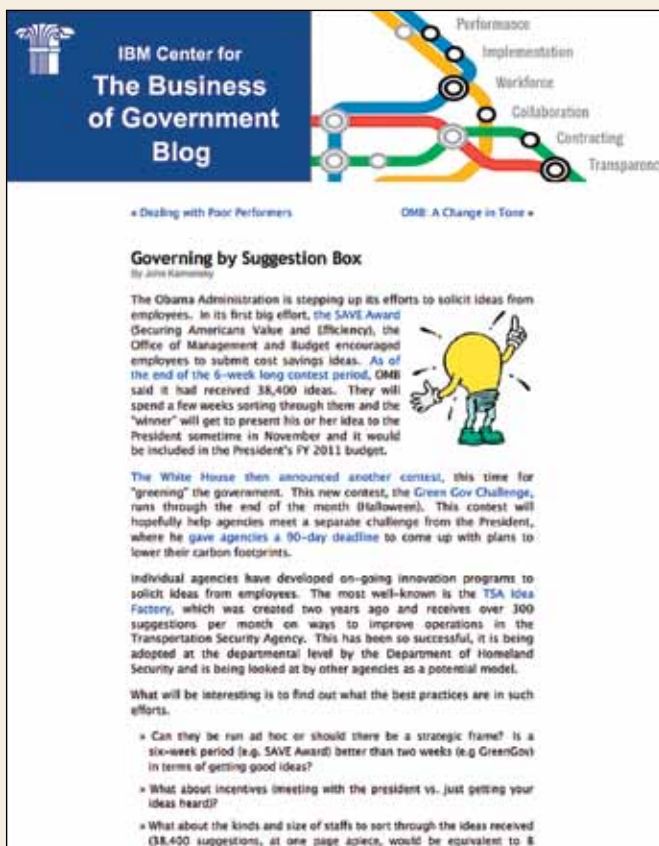
Large-scale transformation in any organization has both top-down and bottom-up elements. Web 2.0 social media tools, and the willingness to use them, creates a new dynamic for government leaders. These tools allow employees to self-organize around the agency and program missions in innovative ways. The changing role of employees in the workplace must be centered on fact-based decisions, whereby employees can manage and deliver results within and across agencies and levels of government, as well as on behalf of nongovernmental entities and citizens. Empowering employees to collaborate and innovate is an approach emerging with more frequency in the public sector:

- **Intellipedia.** The 16 agencies in the U.S. government's intelligence community have historically not shared information nor cooperated effectively. To create a more integrated community, the Office of the Director of National Intelligence launched Intellipedia—a community-wide electronic collaborative platform in—2006. It is patterned after Wikipedia—an online encyclopedia created by its users—and allows intelligence analysts and other relevant personnel from all U.S. intelligence agencies to establish a common operating picture. Intellipedia allows users to share information by creating, editing, and discussing articles in an online space that is both topically focused and agency-neutral. It encourages users to create their own communities of performance-



Intellipedia website.

## The Business of Government Blog



The IBM Center launched this blog in September 2009 to continue a dialogue on government management challenges, begun in an earlier blog about the 2008-2009 Presidential Transition.

President Barack Obama has put his key staff in place and they have laid out an ambitious agenda. The challenge now for government executives is how to get it done. This blog will chronicle what the White House, agencies, and executives across government are doing to deliver on their mission and goals.

It will link to stories elsewhere on the Web as well as the work of the IBM Center's researchers. We invite you to contribute your insights as well!

By the way, our Presidential Transition blog's index contains a rich overview of the management issues facing the Obama Administration and how it began approaching them in its first 200 days, so you may want to look there, as well. In addition, the Center created a special Presidential Transition website containing resources for new leaders that you might find helpful, as well.

informed problem solvers and fosters cross-agency collaboration around specific problems.

- **TSA IdeaFactory.** The U.S. Transportation Security Administration (TSA) is responsible for ensuring the security of airline passengers. Its 43,000 frontline employees are dispersed across more than 300 airports nationwide. Former TSA Administrator Kip Hawley wanted to tap into the insights of frontline employees to improve operations and public satisfaction. In early 2007, he launched the IdeaFactory—a secure intranet site that allows employees to offer suggestions for improving the TSA. A year later, employees had submitted over 4,500 ideas and offered more than 39,000 comments. Employees could rate and comment on ideas submitted by fellow employees, as well. By mid-2009, the initiative was regularly receiving 300 ideas per month.

Employee-generated innovation is hardly new, but the rise of Web 2.0 technologies, facilitating establishment of user-created communities around ideas, makes it a potential catalytic mechanism: ideas can rapidly scale and spread virally across agency boundaries. These tools would allow employees to have a larger voice and impact than in the past.

### Conclusion

Web 2.0 technologies make it possible to engage an agency's workforce or the public in new ways. Providing open access to raw performance information challenges the traditional hierarchy and chain-of-command culture that exist in most public agencies. There likely will be opposition to its use as it breaks the hierarchical control of the data. However, it may be the beginning of a new approach to creating a truly networked government, from the bottom up. ■



# Managing a \$700 Billion Bailout: Lessons from the Home Owners' Loan Corporation and the Resolution Trust Corporation

By Mark K. Cassell and Susan M. Hoffmann

*This article is adapted from Mark K. Cassell and Susan M. Hoffmann, "Managing a \$700 Billion Bailout: Lessons from the Home Owners' Loan Corporation and the Resolution Trust Corporation" (Washington, DC: IBM Center for The Business of Government, 2009).*

The world is struggling with the major financial crisis of this generation. Its depth in the United States is reflected in the increased number of workers in search of employment.

The federal government has responded with a set of aggressive policies, including the Troubled Asset Relief Program (TARP). Congress approved the TARP during the waning days of President George W. Bush's tenure. The \$700 billion in funding it authorized is being used in nine initiatives that aim to provide liquidity to financial institutions, as well as in the "stability" (loan modification) component of the Obama administration's Homeowner Affordability and Stability Plan.

Implementing the TARP entails new responsibilities for the federal government. These new responsibilities include:

- taking major ownership positions in complex financial firms,
- auditing and restructuring troubled financial institutions,
- valuing poorly performing, complex financial assets,
- implementing large-scale auctions and securitizations of poorly performing assets,
- knowing when financial institutions are in such dire financial straits that they must be placed under conservatorship, and
- overseeing \$75 billion of the TARP funds to modify three to four million of the subprime mortgages at the foundation of the current crisis.

The public debate has primarily centered on the size and nature of the TARP—essentially the *policy* involved. Less attention has been paid to *administrative* issues:

- What organizational capabilities or capacities are necessary for any government entity that carries out the policy?
- What type of expertise, for example, does government need to implement these new responsibilities?

## At a Glance: The Home Owners' Loan Corporation

<b>Authorizing legislation</b> . . . . .	Home Owners' Loan Act of 1933
<b>Start date</b> . . . . .	June 13, 1933
<b>Liquidation date</b> . . . . .	March 31, 1951
<b>Initial lending period</b> . . . . .	June 13, 1933 to June 12, 1936
<b>Number of applications received</b> . . . . .	1,886,491
<b>Number of mortgages refinanced</b> . . . . .	1,017,821
<b>Value of mortgages refinanced</b> . . . . .	\$3.1 billion (unadjusted)
<b>Proportion of U.S. residential mortgages owned</b> . .	About 20 percent
<b>Number of foreclosures of HOLC mortgages</b> . . . .	194,134
<b>Total borrowing authorized</b> . . . . .	\$4.75 billion (unadjusted)
<b>Total borrowing used</b> . . . . .	\$3.49 billion (unadjusted)
<b>Surplus returned to Treasury</b> . . . . .	\$14.1 million (unadjusted)



**Sources:** C. Lowell Harriss, *History and Policies of the Home Owners' Loan Corporation*, New York, National Bureau of Economic Research, 1951 and Home Loan Bank Board, *Final Report to the Congress of the United States Relating to the Home Owners' Loan Corporation*, Washington, D.C., 1952.



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- What are the organizational challenges in carrying out the new tasks?
- What oversight mechanisms will ensure adequate accountability while at the same time allowing for organizational flexibility?
- How many employees are needed to implement the new responsibilities?

These are not incidental questions. Scholars note that government often lacks the capacity to implement policies (Pressman and Wildavsky 1984). Failure to achieve policy objectives contributes to public frustration and undermines confidence in government's ability to solve public problems. This report considers the simple but important question:

What administrative capacities are necessary for government to implement the new responsibilities?

Even under the best of circumstances, challenges confronted by government may be too big or complex to resolve, and present circumstances in U.S. finance are indeed challenging. However, there are examples in U.S. history of dire economic circumstances in which public agencies were cre-

ated, took on new responsibilities, and defied expectations to satisfactorily resolve serious problems. Their stories offer insights into what administrative arrangements and capacities might best facilitate success in the present crisis.

### Looking Back: Learning from Previous Government Experience

The experiences of two federal agencies created to address historic crises suggest answers to the administrative challenges now facing the federal government in 2009:

- The Home Owners' Loan Corporation (HOLC), created by Congress in 1933 to resolve the foreclosure crisis of the Great Depression
- The Resolution Trust Corporation (RTC), created by Congress in 1989 to resolve the more recent savings and loan crisis

We examine the RTC and HOLC for two reasons. First, the agencies were charged with responsibilities that resemble those taken on by the federal government in the current crisis. The RTC was created during the midst of what was then described as the worst financial crisis since the Great Depression. As with certain financial institutions in the current crisis, savings and

### At a Glance: The Resolution Trust Corporation



<b>Authorizing legislation</b> . . . . .	Financial Institutions Reform, Recovery and Enforcement Act (FIRREA)
<b>Start date</b> . . . . .	August 9, 1989
<b>Liquidation date</b> . . . . .	December 31, 1995
<b>Number of resolutions</b> . . . . .	747
<b>Book value of assets divested</b> . . . . .	\$458.5 billion (unadjusted)
<b>Number of depositor accounts protected</b> . . . .	25 million
<b>Total direct and indirect costs of resolving thrift crisis</b> . . . . .	\$160 billion (unadjusted)

**Sources:** Thrift Depositor Protection and Resolution Trust Corporation, 1996; GAO 1996.



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loans in the 1980s were severely undercapitalized. Congress created the RTC to stem the rising tide of failures by seizing control of failing thrifts, shutting them down, and selling institutions and assets back into the private sector. The HOLC was also charged with addressing a problem familiar to policymakers today: a crisis in home mortgage foreclosures. Today one in 10 home owners is in arrears or foreclosure, and new policies are charging the federal government to help defaulting home owners. The HOLC was asked to do just that in 1933.

A second reason to look carefully at the RTC and HOLC is that both succeeded in their core tasks. The RTC took over and resolved 747 thrift institutions (nearly 40 percent of the savings and loan industry), with assets in excess of \$465 billion in 1989 dollars (Cassell 2002). The HOLC originated new mortgages for three years, which resulted in the HOLC ultimately owning 20 percent of the residential mortgages in the United States. HOLC was deemed successful in refinancing distressed home owners while breaking even financially for taxpayers. And both agencies managed what few thought possible of public organizations: they shut their doors after completing their tasks.

A number of previous studies have examined the histories of the HOLC and RTC. The goal in this article is not to retell these histories comprehensively, but to focus on aspects of the stories that highlight features which, in retrospect, turn out to have shaped performance. These organizational strengths and shortfalls can inform the debate policymakers should be currently having over what administrative capacities government needs to succeed with its current crisis resolution responsibilities.

Each financial crisis is, of course, unique. It would be simplistic to suggest that the federal government reconstitute the RTC or HOLC. The RTC and HOLC do, however, offer successful examples of government agencies taking on new responsibilities similar to those presently at hand. By considering their stories—their administrative strengths and shortcomings—we identify 10 organizational features and capabilities that facilitated success and timely liquidation. These features warrant consideration in 2009.

**Lesson One: A temporary, dedicated administrative entity was key.** The HOLC and RTC were both government corporations. In each case, a single administrative entity proved a key organizational feature, for several reasons. First, using an entity dedicated to the resolution task facilitated focusing on that task and developing the remaining organizational capacities we highlight in its service. Second, the arrangement was efficient by virtue of concentrating resources—expertise and money—within a single organization rather than distributing them thinly across multiple agencies. Third, each entity was effective due in large measure to centralized, coherent policy direction, even though implementation was decentralized. Finally, a single entity in each case facilitated accountability. Congress knew whom to ask for answers.

**Lesson Two: Clear formulation of the critical task is crucial.** Critical tasks are not goals or even mandates, which may be vague and inconsistent. Instead, the critical task is what an organization needs to do to cope with the complexities and challenges of its environment. When the definition of the critical task is widely accepted, it becomes the mission of the organization.

The HOLC quickly came to view its critical task as helping distressed home owners while minimizing taxpayers' risk. The RTC, on the other hand, viewed its critical task as the resolution of failed thrift institutions and sale of their assets as quickly as possible. The RTC closed up shop after just five and a half years.

**Lesson Three: Autonomy and discretion are needed in performing critical tasks.** Once a crisis resolution entity identifies its critical task, it must be free from micromanagement. Both the HOLC and RTC developed understandings of how to deal with the problems assigned to them that varied at the margins from what Congress initially foresaw. Both agencies explained themselves to Congress repeatedly throughout their lifetimes, and Congress typically supported them with leeway to reframe the task and additional money.



**Lesson Four: Flexibility to adapt in the field is essential.** In addition to autonomy and discretion, an entity charged with implementing crisis resolution responsibilities needs the related capacity to be flexible, both in how it does its job and in how it is organized to do the job.

As their tactics shifted, the HOLC and RTC articulated a more decentralized implementation structure than originally anticipated. The critical task should drive the organizational structure, not the other way around.

**Lesson Five: The temporary administrative entities must understand and be responsive to market conditions.** Administrative policymakers must understand how national, regional, and local markets operate and how the organization's actions affect those markets. The HOLC and RTC both consciously walked this tightrope; maintaining balance required decentralized implementation and centralized policy direction.

**Lesson Six: Government must have the expertise to hit the ground running in responding to a financial crisis.** The TARP, like the HOLC and RTC, was created in a crisis environment. Government lacks adequate in-house human resources to implement the new responsibilities. Direct hires from the private sector and private contractors are thus essential to timely performance of the critical task. The HOLC and RTC used both approaches to harness private expertise.

**Lesson Seven: Government must have the ability to effectively monitor and manage contractors.** Capacity to effectively manage contractors and monitor private partners in implementation rises in importance with every dollar spent on external private support.

Given the large role contractors will likely play in implementing the new responsibilities, it is essential that a new crisis resolution entity be able to oversee and manage the performance and payment of contractors. Subcontracting public authority should be avoided. This means having enough public sector employees with the necessary expertise and that an information technology system must be in place to effectively monitor the hiring and performance of contractors.

**Lesson Eight: Government must have sufficient financial and personnel resources to complete the task.** Without adequate financial resources to finish the job, government is likely to be ineffective and may be diverted from the critical task. Uncertainty about adequate funding, for example, delayed resolutions in the RTC and made planning within the RTC difficult. Without adequate in-house personnel, contractors and private financial stakeholders will define the critical task in terms of their own values.

**Lesson Nine: Government must have exit strategies.** The agencies must adopt strategies to ensure they will work themselves out of a job. The RTC successfully resolved the savings and loan crisis, but at significant taxpayer cost. Without a specific sunset date, the HOLC resisted pressure from some quarters to liquidate until it had ensured stability for its borrowers over the long haul, and earned enough money on its assets to nearly break even for taxpayers.

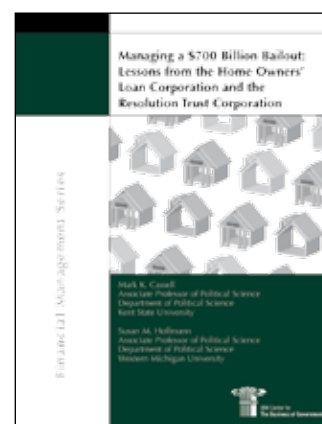
**Lesson Ten: There must be clear and transparent oversight.** Finally, administrative entities charged with implementing the TARP must be governed by clear, transparent oversight structures. The HOLC reported to the old Federal Home Loan Bank Board. The clear line of accountability, coupled with the substantive expertise of the Board, supported the HOLC's legitimacy. The RTC, on the other hand, struggled to establish clear oversight structures, and its ability to oversee the actions of a largely private-sector work force was hampered by the absence of an effective information technology system to track assets and employees.

## Summary

The report focuses on the challenges the federal government now faces in implementing a series of financial relief programs. The experiences of the HOLC and the RTC shed much light on how government might proceed in the year ahead. The report found clear lessons to be learned from government's experience with both of these organizations. This report analyzes the strengths and shortfalls of these two organizations in order to inform future discussions about what operational capacities the federal government will need to succeed with its current fiscal crisis resolution responsibilities. ■

## TO LEARN MORE

**Managing a \$700 Billion Bailout: Lessons from the Home Owners' Loan Corporation and the Resolution Trust Corporation**  
by Mark K. Cassell and Susan M. Hoffmann



The report can be obtained:

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# Designing and Managing Cross-Sector Collaboration: A Case Study in Reducing Traffic Congestion

By John M. Bryson, Barbara C. Crosby, Melissa M. Stone, and Emily O. Saunoi-Sandgren

*This article is adapted from John M. Bryson et al., “Designing and Managing Cross-Sector Collaboration: A Case Study in Reducing Traffic Congestion” (Washington, DC: IBM Center for The Business of Government, 2009).*

In August 2007, five urban regions were selected by the U.S. Department of Transportation (USDOT) to participate in a path-breaking federal transportation initiative. Known as the Urban Partnership program, the initiative funded a total of \$1.1 billion in grants for integrated transit, highway pricing, technology, and telecommuting strategies aimed at reducing traffic congestion in major urban areas. The Minneapolis-St. Paul region was selected to receive one of the five grants. This report describes the history of that initiative, from collaboratively putting the proposal together in 2007, to grant award, to implementing the grant in 2008.

The Urban Partnership program involves complex collaborations among government agencies at local, county, regional, state, and federal levels, and between governments and private partners. It has also involved an unconventional assembly of conventional technologies for transportation management held together by a shared vision of significant reduction in congestion. The Urban Partnership program led to new or expanded coalitions of cross-sector, cross-level interests backed by significant policy and public funding incentives.

This article focuses specifically on a cross-sector collaborative effort to significantly reduce traffic congestion in the Twin Cities metropolitan area of Minnesota. The organizers of the program concluded that a collaborative, multimodal approach was crucial to making real headway on a long-standing, costly, nearly intractable public problem. Cross-sector collaboration is now increasingly both necessary and desirable as a strategy for addressing many of society's most complex public challenges.

## Understanding Cross-Sector Collaboration

Cross-sector collaboration is now increasingly both necessary and desirable as a strategy for addressing many of society's most complex public challenges.

We define collaboration as *the linking or sharing of information, resources, activities, and capabilities by organizations to achieve jointly an outcome that could not be achieved by the organizations separately*. Note that, by this definition, the power sharing in a collaboration does not imply equal power, nor does it necessarily imply much in the way of shared interests and goals. Indeed, in our experience, collaboration typically involves uneven power and mixed motives.

Cross-sector collaboration occurs for many reasons. The first is simply that we live in a shared-power world in which many groups and organizations are involved in, affected by, or have some partial responsibility to act on public challenges (Crosby & Bryson, 2005). Beyond that, in the United States, advocates of power sharing across sectors are often responding to a long-standing critique of the effectiveness of government when it acts on its own.

At the same time, cross-sector collaborations do not solve all of the problems they tackle. Indeed, some are solved badly, and some solutions have created more of the problems they were meant to solve.

Collaboration—especially cross-sector collaboration—is no panacea. This is partly because of the interconnectedness of things, such that changes anywhere reverberate unexpectedly and sometimes even dangerously throughout the system. Complex feedback effects abound. How to respond collaboratively and effectively to problems that are so interconnected and encompassing is a major challenge.

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We will offer insights about what has contributed to successful collaboration and what has hindered it. We present lessons learned for public leaders attempting to organize collaborations, including specific lessons for project sponsors and champions.

### **Key Factors in Successful Cross-Sector Collaboration**

This report draws on our previous extensive research into cross-sector collaboration and our ongoing federally and University of Minnesota-funded research on the Minnesota Urban Partnership Agreement (UPA). The research involved a detailed literature review and set of propositions that guided the work. We also carefully reviewed newspaper and other accounts of the effort. We conducted 26 interviews of key actors at federal, state, and local levels, and we used an advisory team to help guide the research, interpret the findings, and draw out implications for practice.

We have also found that collaboration is a way of creating institutional change. As relationships are developed among government agencies and across sectors, existing organizational structures, processes, and norms are changed, and new practices are adopted. In this context, collaborative work can become a catalyst for transcending existing institutional structures and approaches. Implementation of initiatives such as the UPA program thus offers a potential strategy for developing new institutional forms that may be more effective and responsive than existing structures. The UPA experience indicates that different parts of the transportation field have not historically worked well together. It appears however, that these different parts of the field—highway engineering and transit, for example—are now developing more effective working relationships.

### **Key Factors in Successful Cross-Sector Collaborations**

- **Understanding Prior Initiatives and the Environment**

Cross-sector collaborations are often formed in a somewhat turbulent environment and often follow sector failure. Getting collaborative efforts off the ground requires powerful sponsors, a variety of linking mechanisms, formal and informal networks, and general agreement on the problem.

- **Developing Effective Processes, Structures, and Governance Mechanisms**

The process dimensions of collaboration bring individuals and their social and political relationships into the mix, and the flow of their action shapes and is shaped by structural arrangements. Governance involves both formal and informal mechanisms and influences the effectiveness of collaboration.

- **Understanding the Roles of Key Actors**

The main locus of power will shift over the course of a collaboration process, often following a funding source.

- **Demonstrating Leadership and Key Competencies**

Cross-boundary and multilevel leadership is important to forging successful cross-sector collaborations; so is extensive visionary and political leadership by numerous formal and informal leaders. Crucial to the success of a collaboration are competencies, or the abilities, technologies, or processes that help a collaboration perform well against important goals or critical success factors.

- **Creating an Outcome-Oriented Accountability System**

A collaboration's success depends, in part, on having an accountability system that tracks inputs, processes, and outcomes using a variety of methods for gathering, interpreting, and using data—and using a system that relies on strong relationships with key political and professional constituencies.



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## Lessons Learned

Based on research conducted for this case study, the following lessons emerged from our analysis of the Minnesota UPA project. The lessons are organized around the key factors presented in this article.

### Understanding Prior Initiatives and the Environment

**Lesson One:** When initiating a program that involves massive multilevel, multisector collaboration, the program sponsors and champions in the federal government clearly should NOT underestimate the requirements for stakeholder involvement built in large part on existing relationships.

This implies that federal-level sponsors and champions of cross-level and cross-sector collaboration at the state and local levels should:

- Fund up-front collaboration work, including building cross-level and cross-sector relationships
- Use the Request for Proposals process to evaluate the extent and quality of pre-existing working relationships in order to determine the viability of submitted proposals

### Developing Effective Processes, Structures, and Governance Mechanisms

**Lesson Two:** Project sponsors and champions should recognize that total agreement on “the problem” is not necessary to move forward; however, a coalition is needed of members who are in agreement enough to proceed.

**Lesson Three:** Critical to the success of a collaboration is a project manager who can connect all the parts of the collaboration, is willing to pursue tasks in ways that are at odds with normal procedures and sequences, and is willing to assume a reasonable amount of calculated risk.

**Lesson Four:** Sponsors and champions should recognize that often inclusive processes and flat structures are initially necessary to reach agreements on how to proceed. Once agree-

ments are reached, a more hierarchical structure involving limited participation processes may work better.

**Lesson Five:** Sponsors and champions should recognize the merits of relying on respected, neutral organizations and conveners to help stakeholders hammer out important project details during the planning phase.

**Lesson Six:** Regular meetings among major subgroups of key stakeholders are very useful. This includes using preexisting and new forums. Regular meetings in preexisting and new forums are important components of building the cross-level, cross-sector, cross-boundary understandings and commitments.

### Understanding the Roles of Key Actors

**Lesson Seven:** Sponsors and champions at all levels should pay careful attention to issue framing. The way in which an issue is framed determines the way in which key actors interpret their interests and assess the costs and benefits of various proposals. Issue framing also influences the construction of winning and losing arguments.

**Lesson Eight:** Sponsors and champions at all levels should seek the support of key political leaders so that elected-official support is available when needed.

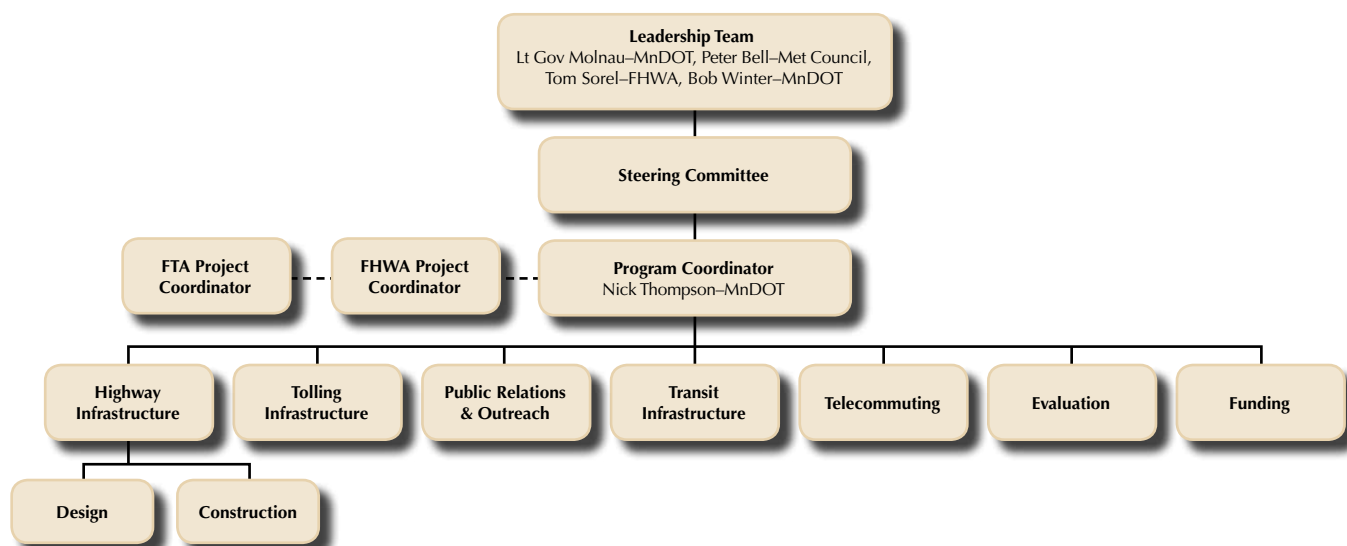
### Demonstrating Leadership and Key Competencies

**Lesson Nine:** Sponsors and champions at all levels should work to have in place the competencies needed to lead and follow through on a successful cross-level, cross-sector collaboration effort.

Specifically regarding the competencies of the sponsors and champions themselves:

- *Sponsors* have formal authority that they are able to bring to bear in securing political support and other resources for the effort.

## Minnesota UPA



- *Champions*, who often lack formal authority, supply ideas, energy, and determination to help stakeholders define public problems, evaluate alternative solutions, and push for the most promising solutions. The most effective champions have considerable facilitation skills but also are able to articulate and frame the policy idea in comprehensible ways to multiple constituencies.

**Lesson Ten:** Organizational and collaborative ambidexterity is important to successful cross-sector collaborations. Ambidexterity means being able to manage tensions, often separated by time or space. Typical tensions include:

- Stability versus change
- Hierarchy versus lateral relations
- The existing power structure versus voluntary and involuntary power sharing
- Formal networks versus informal networks
- Existing forums versus new forums

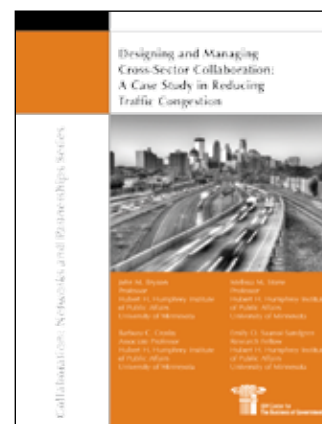
## Creating an Outcome-Oriented Accountability System

**Lesson Eleven:** Sponsors and champions should ensure creation of a system that tracks inputs, processes, and outcomes; and should use a variety of data gathering, interpretation, and usage methods to track accountability and to evaluate the project's outcomes, including effects that may not be observable for some time. ■

### TO LEARN MORE

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# Creating Telemedicine-Based Medical Networks for Rural and Frontier Areas

By Leonard R. Graziplene

*This article is adapted from Leonard R. Graziplene, "Creating Telemedicine-Based Medical Networks for Rural and Frontier Areas" (Washington, DC: IBM Center for The Business of Government, 2009).*

To date, telemedicine has largely been seen as futuristic. Well, the future is here. Advances in sensor technology, wireless networks, mobile monitoring devices, and telecommunications have all made it possible to address the increasingly dire shortage of healthcare professionals in rural areas. There are approximately 60 million Americans living in rural or frontier areas, and the average age of physicians practicing in these areas is over 55 years. In fact, in over one-quarter of the counties in the United States, there are no practicing physicians.

The recently passed American Recovery and Reinvestment Act provides funding to support a telemedicine infrastructure for rural areas. It also provides funding to support wellness initiatives, which are important ways to reduce the demand for emergency medical treatment. This article offers a three-part approach that can leverage these Recovery Act initiatives to respond to the healthcare crisis in rural and frontier areas. This approach includes:

- Expanding the use of telemedicine
- Better managing care for chronic disease patients via the use of the medical home concept
- Investing in Ka band satellites to ensure affordable, pervasive, and dependable network connectivity for both telemedicine devices and a medical home network

In spite of the fact that the United States is spending more on healthcare than any other country in the world, the nation ranks poorly on many health indicators when compared to those of other advanced countries. There are actions that need to be taken to correct these problems. The areas facing the most growing disparities in the provision of healthcare are rural and frontier America. This article presents an action plan that describes the deployment of new technologies to address the needs of these medically underserved areas.

## The Use of Telemedicine Networks in Rural and Frontier Areas

The use of proprietary telemedicine networks operating over telecommunications links shows considerable promise for alleviating the poor state of healthcare in rural and frontier areas. Telemedicine has been in use for several decades, but it has been only recently that its functionality and use have begun to gain widespread support. Telemedicine monitoring equipment is becoming smaller and easier to use. At the same time, there has been a growing body of evidence demonstrating that telemedicine reduces costs, saves time, is convenient, and contributes to a better quality of life for patients.

Our level of healthcare would be enhanced if we take telemedicine to a higher level and begin to realize its full potential. The following trends now make it more feasible to dramatically increase the use of telemedicine in rural and frontier areas:

- Advances in sensor technology
- More efficient wireless networks
- Mobile monitoring
- Advanced telecommunications
- An increased commitment to bring about improvements in rural healthcare

## Focusing on the Areas of Greatest Need: Healthcare in Rural and Frontier Areas

Healthcare is most deficient in rural and frontier areas, where hospitals and primary care physicians are disappearing and not being replaced. This has left most of these areas without adequate medical care. If this condition is to be remedied, there must be more treatment centers connected to the broader medical community, and above all, a network that can efficiently tie them together.

One promising approach to responding to this need is the creation of a medical home network administered by primary care physicians and linked to specialists, hospitals,





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## The Capabilities of Telemedicine

More healthcare personnel are awakening to the fact that telemedicine represents an expanding and practical way for practitioners to deliver healthcare services. Even though physicians may not personally visit a patient at home, they can easily monitor and assist many residing in remote sites simultaneously by using telemedicine. There is growing evidence to substantiate the fact that telemedicine applications and services do a good job of delivering diagnostic, consultative, and treatment services to patients. Most of this service is currently being used to monitor chronically ill patients. This is an excellent application because it is estimated that as much as 80 percent of all healthcare costs are attributable to this group of patients.

The features associated with telemedicine are winning the support of the medical profession because they are able to target and reach populations that are not easy to serve. The technology allows physicians to take better care of patients, and at the same time enables patients to take a much more active and effective role in caring for themselves.

Improvements in medical care have accelerated as a result of telemedicine's ability to treat many patients at a distance rather than in an expensive hospital setting. The following significant improvements are now being realized from the increased use of telemedicine:

- Availability of a highly reliable delivery system
- Improved access to specialty care
- Sharing of high-cost technology
- Upgraded emergency medical services
- An improvement in administrative support systems
- A reduction in unnecessary duplication of services
- Easier diagnostic consultations
- More widespread medical data transmission
- Better management of chronic illness
- Expanded health professional education
- More extensive administrative coordination
- Greater number of healthcare demonstrations
- In-home and mobile monitoring of chronically ill patients
- Remote medical consultations
- More patient health inquiries
- Ease on making prescription drug renewals
- Swifter diagnostic test results by regional laboratories
- A reduction in healthcare costs
- An improvement in treatment regimens
- Facilitation of earlier interventions
- Creation of better communication links to the broader medical community
- More preventive medicine initiatives
- Achievement of more favorable medical outcomes
- Better oversight and stricter monitoring of targeted patient status
- Conversion of patient record keeping to digital formats
- Closer monitoring and encouragement of patients to engage in healthy practices

and information centers by a satellite-based telemedicine network. The concept of a medical home has intensified in recent years. The medical home concept is a patient-centered approach to healthcare, which has recently received attention as a strategy to improve access to quality healthcare for more Americans at a lower cost. It offers an excellent opportunity to improve healthcare delivery in rural and frontier areas.

Specific roles that a medical home can assume include prevention, self help, supervision, motivation, monitoring, early health literacy, personal health record keeping, more contact with centers of excellence, and advocacy interventions. This approach also promises to eliminate gaps in coverage, find and treat problems more quickly, and bring about better outcomes. The technologies that can provide improved healthcare to the medical home are telemedicine and state-

of-the-art satellite telecommunications, which can be woven together into networks.

### Selecting the Best Telecommunications Vehicle

Telemedicine operates over a wide range of telecommunications systems. Up until recently, most telemedicine interventions were enabled using telephone lines. Cable modem and DSL are widely used for telemedicine in densely populated areas and, where care is concentrated in very small areas, WiFi and WiMax have also been used for this purpose. Unfortunately, it is just too expensive and impractical for these technologies to be extended into sparsely populated areas. Consequently, none can be counted on to serve as a telecommunications carrier for telemedicine networks in rural areas.

Aside from the telephone, there is only one other telecommunications technology that is capable of reaching all corners of rural and frontier America. That technology is the Ka band satellite, which possesses such a long list of excellent features that there is little doubt that it should become the carrier of choice to extend the range and benefits of telemedicine. If it weren't for the fact that medical data and information should

ideally be proprietary, the Internet could be counted upon to do more to expand the range of telemedicine.

A satellite-based telemedicine network will result in low monthly service costs. Because of the high gain provided by the spot beams of the Ka band, greater volumes of data can be transmitted in a given amount of frequency allocation.

### Recommendations

A plan of action based on the following recommendations will substantially improve healthcare in rural and frontier areas and bring about the elimination of those communities designated as medically underserved. The net result of these actions will be significant cost reductions, better management of chronic conditions, and a much higher level of care.

**Recommendation One: Create a separate stand-alone satellite network to provide telemedicine services to rural and frontier areas.** This represents the most efficient and cost-effective way to ensure the provision of adequate healthcare in areas that are today medically underserved. It represents high bandwidth and the ability to link up effortlessly with medical centers throughout the world.

**Recommendation Two: Create a medical home network as part of the new system to provide telemedicine to rural and frontier communities.** The medical home network should have emergency treatment capabilities.

Healthcare must be properly managed, and the best way to do this in remote areas is by the establishment of strategically placed administrative and direct care centers run by primary care physicians. They will enable the closer monitoring of patients, and when necessary, direct them to appropriate specialist care centers in a more timely manner.

**Recommendation Three: Provide additional training on the use of telemedicine networks to the medical profession.** Patient demands on physicians are so great that there is seldom time left to learn and become proficient in the use of the latest technologies that will substantially improve healthcare. The benefits of telemedicine will be more fully understood and then used to the fullest if physicians are trained in its value and use.

**Recommendation Four: Support telemedicine networks with funds from private and government sources.** The cost of healthcare is increasing annually at a rate that far exceeds inflation. Unless we come up with more funds, or else substantially change the way in which we financially support healthcare, we will not be able to adequately address all

### Advantages of the Ka Band Satellite

- **High bandwidth.** A Ka band satellite can deliver service at gigabits-per-second rates.
- **Cost.** A satellite network can be built to cover large geographic areas for much less than terrestrial options.
- **Untethered communications.** Users can enjoy untethered mobile communications anywhere within the footprints of the satellite.
- **Simple network topology.** Compared with mesh interconnection models of the terrestrial Internet, GEO satellite networks have much simpler delivery paths.
- **Broadcast/multicast.** Satellite networks are naturally attractive for broadcast/multicast applications. By contrast, multicast in a mesh interconnection network requires complicated multicast routing.
- **Direct link.** Ka band intersatellite links will allow a user to connect with medical facilities and telemedicine providers throughout the world with a single direct satellite link.
- **Price structure.** Users will be offered a bit rate on demand, and they will pay only for the time that they use a link.
- **Connectivity.** Last-mile connectivity can be filled in easily by satellites.

patient needs. More funding is required, and unless we are prepared to increase taxes to fund socialized medicine, more funding will have to come from the private sector.

**Recommendation Five: Add a retail consumer component to the proposed telemedicine network.** One way to relieve the growing cost of healthcare and many of its poor outcomes is to make it possible for individuals to afford and pay for some

of their own care. Individuals should be able to purchase part of their medical products and services in the same way that they go to a store and purchase consumer goods.

**Recommendation Six: Grant physicians throughout the United States licenses to practice in telemedicine networks.** There are currently many legal restrictions in place that make it difficult, if not impossible, for physicians from different states to practice electronically in other states. These barriers are counterproductive and make it unnecessarily difficult to bring healthcare to medically underserved rural areas. Some physicians already have this right, so extending the privilege to all physicians should not be that complicated.

**Recommendation Seven: Do not restrict insurance reimbursements for telemedicine services.** One thing that will substantially make healthcare more affordable is to find ways to reduce costs without negatively impacting the quality of service. Telemedicine has been shown to be a less expensive way to treat many patients. This means it is in the financial best interest of healthcare insurers to make reimbursements for services delivered in this manner rather than to continue to pay for traditionally provided, but more expensive, services. ■

## The Role of a Medical Home

The medical home model shifts the direct care delivery paradigm from today's traditional, episodic acute care approach to one that requires physicians to reach out and manage more directly their patient's healthcare.

A medical home can fulfill the following roles in the proposed telemedicine healthcare network for rural and frontier areas.

- **Providing Available Medical Information**

In the medical home model, primary care physicians play an important role in directing their patients to healthcare information websites where they can learn at their own pace, and learn what they can do in cooperation with their doctors. The ability to search medical databases now enables patients to ask questions and get information that was once hard to get without access to a medical library.

- **Coordinating Personal Medical Information**

It should not be very long before a nationwide health information network is put into place which enables healthcare personnel to access up-to-date electronic health records on patients. The advantage to patients is the fact that it would help eliminate medical errors and bring about improvements in such tasks as the tracking of chronic disease management.

- **Increasing Contact with Centers of Excellence**

A connection to centers of excellence, like the Agency for Healthcare Research & Quality's Healthcare Innovations Exchange or the Centers for Disease Control and Prevention, for example, would shed immediate light on just about every medical issue with which the medical home might have to deal. There is no longer any reason for medical practitioners to be distanced from the most updated medical information, from anywhere in the world, that would result in better outcomes for their patients. It will require special features in order to have the greatest impact on the improvement of healthcare in these areas. It starts with how telemedicine resources are incorporated into networks. The key lies in selecting the best telecommunications system to bring all the component parts together.

## TO LEARN MORE

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# Speeding Up the Learning Curve: Observations from a Survey of Seasoned Political Appointees

By G. Edward DeSeve

*This article is adapted from G. Edward DeSeve, "Speeding Up the Learning Curve: Observations from a Survey of Seasoned Political Appointees" (Washington, DC: IBM Center for The Business of Government, 2009).*

The men and women who serve "at the pleasure of the President, for the time being subject to good behavior," and who have been confirmed by the Senate, represent a unique cadre.

For most of the seasoned executives who have filled these roles over many administrations, the chance to serve the president and thus serve their country has been one of the most rewarding times of their lives. The system of replacing senior leaders every four or eight years has been criticized by efficiency experts as being a suboptimal solution to managing government. The most important key to the success of the process is the competence—knowledge, skills, and abilities—of the people who take on these leadership roles. These competencies can be learned, but what cannot be taught is the motivation for service that these individuals bring.

In the leadership of most departments and agencies in the federal government, you will find one or more presidential appointees who require Senate confirmation. These men and women are referred to as "Presidential Appointments with Senate Confirmation" (PAS) in *United States Government Policy and Supporting Positions*, commonly known as the Plum Book. The report is published alternately by the Senate Committee on Homeland Security and Governmental Affairs and the House Committee on Oversight and Government Reform every four years, just after the presidential election.

There are about 500 key executive and leadership PAS positions. Some people feel that this is too many. Others, particularly members of Congress, believe that confirmation is important to assure the quality of senior individuals and to remind them that they have responsibilities that extend to oversight by Congress.

For many, it is their first and only job in government. For others, it is the capstone of a career in government. In either case, the job is challenging and the environment heady. This paper is based on a survey of PAS members of the George W. Bush administration as they prepared for a "change of command." The survey focused on the advice they wish they had when they took their positions.

This article presents findings from the survey and is aimed at speeding up the learning curve for the presidential appointees arriving in the Obama administration. This survey was a "snapshot" in time. It was not intended to be a scientific examination, but rather an organized description of helpful observations from one group of appointees to their successors.

## Six Observations of Seasoned Presidential Appointees

The outgoing Senate-confirmed appointees of President George W. Bush shared their insights in a survey conducted by the National Academy of Public Administration and the Partnership for Public Service during September 2008.

### **Observation One: Knowledge of ethics standards and financial disclosure rules is needed to be rapidly effective.**

As they started their tenure, especially during the confirmation process, the group was focused on learning the rules for ethics and financial disclosure. Making sure that they understood and measured up to the prevailing standard of behavior was a predominant concern.

Along with this came the need to be sure of what was expected of them. The appointees clearly both wanted and needed direction from their department or agency head and the White House about how they would be measured in their jobs.

**Observation Two: Performance and results matter.** Two aspects of performance were cited as important or very important by the group:

- Measuring organizational results in terms of outcomes
- Evaluating employee performance



*G. Edward DeSeve served as a senior lecturer at the University of Pennsylvania's Fels Institute of Government while conducting the survey presented in this report. He was recently appointed as a special advisor to the president for recovery implementation, as an assistant to the vice president, and as a senior advisor to the director of the Office of Management and Budget.*

These two items were seen as being related to one another. The appointees viewed their jobs as setting standards for performance and measuring the organization's ability to meet these standards. This aspect of management ranked well above financial, contract, or pay and benefits management in the survey responses. Key to achieving agency performance was encouraging the high performance of key subordinates.

**Observation Three: Policy development and implementation depend on understanding processes.** Four factors ranked at the top of the appointees' agendas when developing and implementing policy:

- Understanding the president's management and policy priorities
- Knowing how the executive branch functioned
- Understanding the budget process
- Mastering the process of policy development

Almost all of the appointees cited "knowing the president's priorities" as the most important element in developing and implementing policies at the agency level. They did not want to be seen as independent actors, but rather as members of the administration team.

What skills are needed by appointees?	Important or Very Important	
	Number of Respondents	Percentage
Leadership	65	100.0
Negotiation	63	96.9
Communication	61	93.8
Collaboration	60	92.3
Change Management	57	87.7
Team Building	55	84.6
Technology	44	67.7

What elements of management matter?	Important or Very Important	
	Number of Respondents	Percentage
Managing and Evaluating Employee Performance	65	98.5
Measuring Results/Outcomes	62	95.4
Recruiting and Training Talented Staff	57	89.0
Financial Management and Internal Control	55	85.9
Procurement and Contract Management	45	69.2
Pay and Benefits (for Employees)	38	58.4

What do appointees need to be effective rapidly?	Important or Very Important	
	Number of Respondents	Percentage
Ethics Standards	62	96.8
Financial Disclosure Rules	61	95.3
Expectations During First Months	60	92.3
Senate Confirmation Process	53	81.5
Orientation/Onboarding	53	80.5
Security Clearance Process	48	73.9
Benefits and Compensation	27	41.5

How important is managing relationships?	Important or Very Important	
	Number of Respondents	Percentage
Office of Management and Budget	61	93.8
Career Government Executives	61	93.8
Congress	61	93.8
Public	61	93.8
Stakeholder/Interest Groups	59	90.8
Media	57	87.7
Unions/Employee Groups	38	58.5
Office of Personnel Management	34	52.3

**Observation Four: Managing relationships matters.** The group surveyed put the Office of Management and Budget (OMB), career employees, and Congress at the top of their list of groups with whom developing and maintaining good relationships is crucial. Seen as significantly less important were unions and other employee groups.

**Observation Five: Leadership is the key competency.** All of the appointees surveyed cited leadership as an important or very important competency of a presidential appointee. This was followed closely by negotiation and communication. In their narrative discussions, the group often cited the need for communication “up, down, and sideways” as a key element of success.

**Observation Six: The support of career executives is critical.** The survey indicated that career executives provided three essential ingredients:

- Knowledge of the agency’s policies and processes
- Support for the goals of new leaders
- Understanding of the internal culture

Again and again, the appointees cited the reliance on career executive staff as a key element of their success.

## What Was Learned from the Survey?

When asked for advice for their successors, the comments included:

- “Learn the guts of the HR process—selection, promotion, bonuses, performance plans. Learn how to align your bureaus with what the department or agency wants to get done. Make sure people know what you want to get done.”
- “Arrive with a mission and goals. Articulate them clearly to the whole agency. Value career civil servants. Read and understand everything. Incorporate goals and performance standards in performance reviews. Share accountability with the entire agency.”
- “Be aggressive in the pursuit of change but always be conscious of the impact that change will have on institutions that are hostile to change.”

When asked to rank the helpfulness of various performance management and measurement initiatives implemented during

the Bush administration, the respondents cited the Program Assessment Rating Tool (PART; 82%) and the Executive Branch Scorecard (69%) as the most helpful, and the Performance Improvement Council (37%) and the Agency Performance Officers (33%) as the least helpful. About 62% of respondents would somewhat modify or totally redesign PART.

There was sentiment for having program assessment managed in the agencies and not in the OMB. Additional advice includes focusing on cross-cutting areas, devoting more resources to training on program evaluation, and revamping performance measurement within agencies to reduce burden.

Some comments illuminate these responses:

- “If you are not keeping score, you are just practicing. No matter if it is customer service metrics for operating units across an agency or general performance metrics, the absence of a concerted effort to measure success means results will not be recorded.”
- “If program assessment is delegated to the agencies without OMB or independent check, it will fail.”
- “OMB trying to run government is wasteful, ineffective, and disempowers executives. Need to insist on performance management internal to agencies.” ■

## TO LEARN MORE

**Speeding Up the Learning Curve:  
Observations from a Survey of Seasoned  
Political Appointees**  
by G. Edward DeSeve



The report can be obtained:

- In .pdf (Acrobat) format at the Center website, [www.businessofgovernment.org](http://www.businessofgovernment.org)
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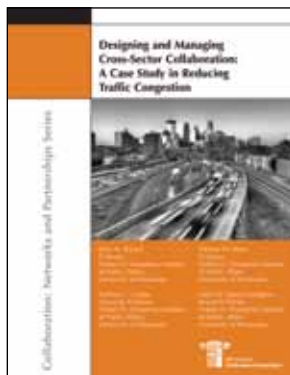




### **Strategic Risk Management in Government: A Look at Homeland Security**

*David H. Schanzer, Joe Eyerman and Veronique de Rugy*

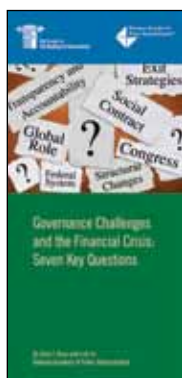
This report includes two papers describing how the federal government can increase its capability to undertake strategic risk management in safeguarding the nation. In recent years, the government has devoted increased attention to the use of strategic risk management. The challenge now facing government is to begin to link strategic risk management to resource allocation.



### **Designing and Managing Cross-Sector Collaboration: A Case Study in Reducing Traffic Congestion**

*John M. Bryson, Barbara C. Crosby, Melissa M. Stone, and Emily O. Saunoi-Sandgren*

In August 2007, five urban regions were selected by the USDOT to participate in a path-breaking federal transportation initiative. Known as the Urban Partnership program, the initiative funded a total of \$1.1 billion in grants for integrated transit, highway pricing, technology, and telecommuting strategies aimed at reducing traffic congestion in major urban areas. The Minneapolis - St. Paul region was selected to receive one of the five grants. This report describes the history of that initiative, from collaboratively putting the proposal together in 2007, to grant award, to implementing the grant in 2008.



### **Governance Challenges and the Financial Crisis: Seven Key Questions**

*Terry F. Buss and Lois Fu*

Under the leadership of National Academy Fellow Don Kettl and National Academy President Jennifer Dorn, the National Academy of Public Administration convened a roundtable of government leaders, business leaders, researchers and other experts to discuss governance issues related to the government's response to the financial crisis. Seven strategic questions related to governance emerged from the discussion held earlier this year, which was moderated by Don Kettl. The National Academy and the IBM Center for The Business of Government are pleased to offer this summary of the roundtable in an effort to stimulate a national discussion of these questions.



## **Managing a \$700 Billion Bailout: Lessons from the Home Owners' Loan Corporation and the Resolution Trust Corporation**

*Mark K. Cassell and Susan M. Hoffman*

Professors Cassell and Hoffmann observe that the public debate to date over the Troubled Asset Relief Program (TARP) has focused primarily on the policy issues involved, with significantly less attention paid to operational issues. Their report focuses on the challenges the federal government now faces in implementing a series of financial relief programs. To gain insight into how the federal government might act upon these operational challenges, they took an historical look at how the federal government responded to previous financial crises.



## **Creating Telemedicine-Based Medical Networks for Rural and Frontier Areas**

*Leonard R. Grazioplene*

Advances in sensor technology, wireless networks, mobile monitoring devices, and telecommunications have all made it possible to address the increasingly dire shortage of healthcare professionals in rural areas. The recently passed American Recovery and Reinvestment Act provides funding to support a telemedicine infrastructure for rural areas. It also provides funding to support wellness initiatives, which are important ways to reduce the demand for emergency medical treatment. In his report, Dr. Grazioplene offers a three part approach that can leverage these Recovery Act initiatives to respond to the healthcare crisis in rural and frontier areas.



## **The Role and Use of Wireless Technology in the Management and Monitoring of Chronic Diseases**

*Elie Geisler and Nilmini Wickramasinghe*

Carefully monitoring and managing chronic conditions, such as diabetes, is a critical component in reducing emergency care and hospital stays. If care of chronic conditions is well-managed, studies suggest that the risk of complications and death can be reduced by up to 25 percent. Wireless technology, also called "telemedicine," allows diagnosis, treatment, and follow up for at-risk populations such as rural, poor, and elderly patients.

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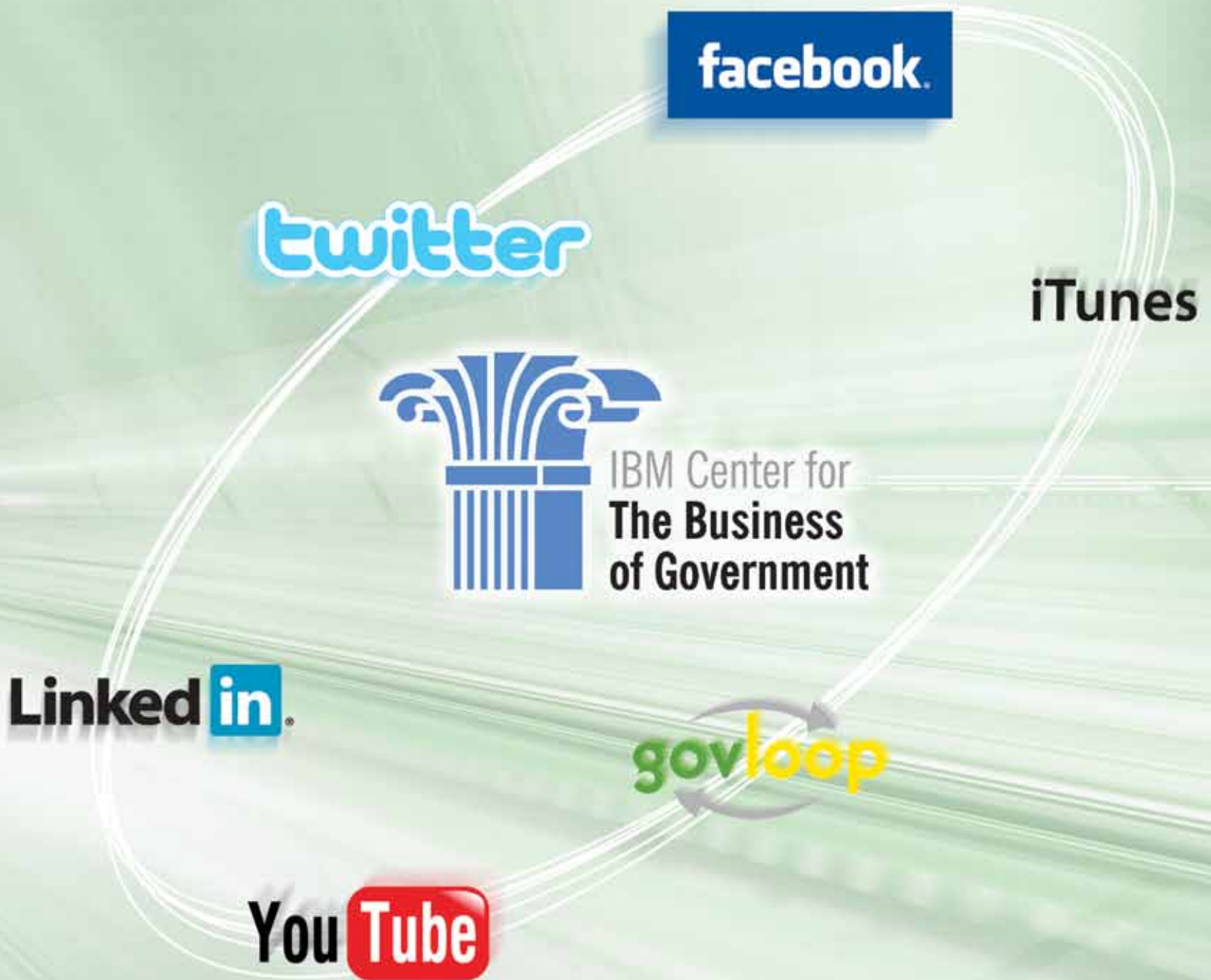
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# The Presidential Transition

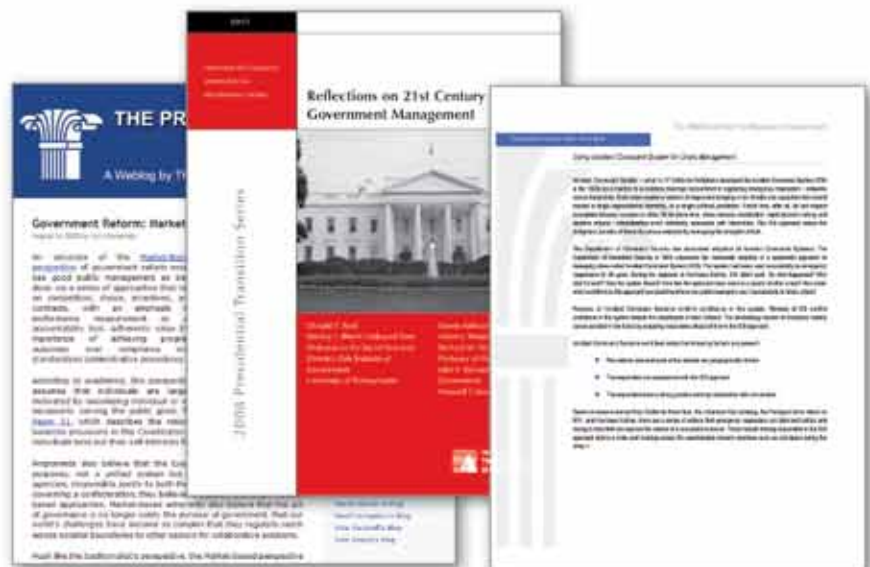
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