ERAL PAGE

Hazards of Quick Downsizing Cited

Existing Proposals Could Cost More in the Long Run, Study Warns

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Democratic and Republican drives to downsize the government pose the danger of doing more harm than good, like a dieter who decides to lose weight by cutting off a leg, two Brookings Institution analysts contended yesterday.

University of Wisconsin professor Donald F. Kettl and Princeton University professor John J. DiIulio Jr. said current budget-cutting plans aimed at abolishing Cabinet departments and restructuring the executive branch would not save money and run against the downsizing lessons learned over the last decade by the nation's largest corporations.

"No restructuring is cheap," Kettl said. Efforts aimed at saving money usually create "short-term mischief" that lower morale, interrupt the delivery of services and could cause more damage to an organization's performance than the original problem.

"Downsizing or doing away with government agencies does not automatically do away with the people they serve, the public demands they embody, the programs they administer or the tasks they perform," DiIulio said. If the government is going to be put on a diet, he said, it should shed pounds in a way that makes sense and looks to long-term results.

Kettl and DiIulio offered their assessments at a luncheon where copies of their new study, "Cutting Government," was released. The report, one of a series from Brookings Center for Public Management, comes as House and Senate Republican task forces call for the elimination of at least four Cabinet departments—Energy, Education, Commerce, and Housing and Urban Development.

The first section of the report summarizes 10 tasks from across the federal government, ranging from air traffic control to monitoring pension funds to managing defense contracts. In the case of the Pension and Welfare Benefits Administration, Kettl and DiIulio point out that just 621 federal employees oversee $1 trillion in pension funds. Tinkering with the agency would produce minuscule savings but "potentially weaken the confidence of employees already rightfully nervous about the future of their retirement income," Kettl and DiIulio write.

The second section touches on past commissions named to reorganize the executive branch and efforts to restructure private-sector companies. "Managers who believed they could downsize once, solve their problems, and return to normal tended to fail," Kettl and DiIulio said. "Managers who built restructuring into a careful look at their operations, their mission, and how best to achieve it tended to succeed far more often. Restructuring, taken as an end in itself, led to failure."

The two analysts look to Congress to play a pivotal role if attempts to overhaul the executive branch are to succeed, in part because they think "the congressional committee that oversees an executive agency is a far stronger presence than the president or the White House staff." They predict "little will be accomplished" unless Congress decides to consolidate programs as it cuts and merges departments.

The most critical questions of restructuring depend on Congress, they write, starting with how many Cabinet departments to have. "While moving from 14 to 10 or even five departments would create more elbow room around the Cabinet table, such a move does not make government smaller unless government does less," they said.