

# House Has Gotten Itself in Order

## Cost-Saving Management Reform Has Successes, and Critics

By ERIC SCHMITT

WASHINGTON, June 17 — Just last year, a Price Waterhouse official called it "one of the worst-run organizations" the giant accounting firm had ever reviewed. Bookkeeping practices dated to the late 1700's and were so sloppy that auditors could not account for millions of dollars.

That organization, the House of Representatives, has since hired a team of financial experts with experience at corporate titans like Toyota, I.B.M. and AT&T to run its daily business like a Fortune 500 company — or as much like one as a conglomeration of 435 individual lawmakers' offices can be.

The idea came from Speaker Newt Gingrich, and the results have been startling. The administrative budget has dropped to \$671 million this year from \$729 million in 1995. The number of House administrative employees has been cut to 600 from 1,063. A new automated accounting system is up and running. Mail delivery and the House barbershop, beauty salon and shoeshine stand have been turned over to private companies, at a projected savings of more than \$1.5 million a year.

And it is not just people on Capitol Hill who have taken notice. Delegations from Bulgaria, Germany, Hungary, Jamaica, South Korea, Romania and Russia have paraded through to glean managerial tips.

"What's impressive is the size of the overhaul that they've managed so quickly," said William B. Parent, the executive director of Innovations in American Government, an awards program of the Ford Foundation and the John F. Kennedy School of Government at Harvard that recently selected the House overhaul as one of 100 semifinalists in this year's competition.

The financial savings and housecleaning efficiencies stand in stark contrast to the chamber's spare legislative record.

But the Republican-sponsored streamlining, which goes beyond similar changes the Senate is making, is upsetting the House's 200-year-old culture and traditions, leading some skeptics to warn that the initiatives may be temporary or exaggerated.

"Some of the things they've done are good, like the audit," said Representative Vic Fazio of California, the House's third-ranking Democrat and a member of the House Oversight Committee, which replaced the old Administration Committee and is supervising many management changes. "But some of the things have been overdone, and the jury is still out on others."

Mr. Fazio questioned the projections of long-term savings. Many employees dismissed in the cuts have been rehired by the new private contractors but at lower wages, prompting fears of eroding morale.

Even some Republicans are divided over what is the best approach. Representative William M. Thomas, the California-Republican who heads the oversight committee, is fighting with Mr. Gingrich's choice to carry out most of the management changes, Scott M. Faulkner, who holds the newly created position of chief administrative officer.

Mr. Thomas said in an interview that Mr. Faulkner was doing a "good job," but he quickly added that he would seek to oversee Mr. Faulkner's office more closely.

The battle is about who will preside over Mr. Gingrich's vision of a more efficient House operation — from managing the chamber's restaurants to upgrading its computer system.

Mr. Faulkner, a 42-year-old former official in the Reagan and Bush Administrations, has become a symbol of the rapid changes in the House and a lightning rod for criticism.

"This is changing a work culture," said Mr. Faulkner, who has consulted for companies like Marriott and Prudential, "and that's hard. The response has ranged from enthusiastic to ambivalent to outright opposition."

Indeed, after Mr. Faulkner lectured 16 workers in the House printing office early this month on the finer points of "total quality management," the corporate gospel he preaches, many employees walked away rolling their eyes at what they dismissed as business school gobble-dyook.

"I don't find any of it useful," said Stan Sechler, an analyst in the printing office and a 20-year employee of the House. "Most people here are bright, competent professionals who know how to figure this stuff out without being told."

Mr. Faulkner said the changes had taken the politics out of professional services that used to be rife with patronage blue-collar jobs. "Which political party you belonged to, how close to the leadership you were, how you voted on bills all seemed to tie into whether you got your chair reupholstered or your bills paid on time."

he said.

Mr. Fazio and other Democrats accuse Mr. Faulkner of stocking his executive hierarchy with his own brand of white-collar Republican partisans. For example, Thomas E. Anfinson, a former Toyota executive who is Mr. Faulkner's top finance aide, was the deputy treasurer of the 1984 Reagan-Bush campaign, and Philip G. Kiko, the top purchasing aide, was an associate legal counsel for the National Republican Congressional Committee in the late 1970's.

Mr. Faulkner, a former Peace Corps director in Malawi, said political affiliation had played no role in the hirings.

Mr. Faulkner has Mr. Gingrich's full support, said Tony Blankley, Mr. Gingrich's spokesman, who added, "Scot has provided able leadership in his position."

Mr. Faulkner said he saw himself as part inkeeper and part city manager.

"We're like a Ritz-Carlton or a big Hyatt Regency with lots of conferences and things happening," said Mr. Faulkner, an antiques collector and historian who has restored his small but elegant office on the first floor of the Capitol to its 19th century splendor, down to the fringed draperies. "We have three million visitors a year, with 35 special-event rooms that are used seven to eight times a day for breakfast meetings to cocktail receptions."

On another level, he said, he caters to the needs of more than 500 individual businesses: House committees and lawmakers' offices. "Think of a member's office as the Second District of Illinois Inc., where the legislator is the C.E.O. with a two-year contract who can hire 22 people and have \$900,000 to \$1 million a year for office expenses," he said.

There are signs, however, that the House Republican leadership may have overreached in trying to apply corporate America to Capitol Hill. For example, Mr. Gingrich directed that all House committee chairmen submit business plans for what they hoped to accomplish this year. Only a few complied.

"Our results to date have been mixed, at best," said Representative Peter Hoekstra, a Michigan Republican who was appointed by senior party members to oversee changes other than the administrative initiatives. "That effort required discipline, and Washington isn't that disciplined a place."

So for now, the focus remains on addressing the 226 recommendations made last year by Price Waterhouse in its \$3.2 million first-ever audit of the House. The recommendations included improving computer security (the House hired the former head of nuclear information security for Westinghouse) and standardizing the way the House buys supplies like stationery (a new system will begin operating later this year).

"We're restructuring and eliminating redundancies and often wasteful parts of government," said Representative Ron Packard, a California Republican who heads the Legislative Branch Subcommittee of the Appropriations Committee.

Many of the changes reflect the Republican orientation toward smaller, less intrusive government. A handbook that governed details was pared to what kind of television a legislator could buy for the office, cutting it to a 58-page general guide from a three-and-a-half-inch-thick manual.

The House folding room, established in the 1850's to fold material and stuff it in envelopes, was closed and replaced by a private mail service that charges an average of \$14 per thousand pieces of mail, down from \$480 per thousand.

Daily delivery of buckets of ice to House offices was ended, with an expected saving of up to \$500,000 a year.

Republicans also strengthened the House inspector general's office, created by the previous, Democratic-controlled House, by increasing the number of employees to 18 from 3.

"All this is symbolically important because it is sending a message to the public that the House is attempting to change business as usual," said Richard Shapiro, executive director of the Congressional Management Foundation, a private organization that tries to educate Congress on running its business.

Not that all the inefficiencies have been weeded out. For instance, the chief administrative officer is in charge of making picture frames for all 435 representatives. But hanging them — well, that's the job of the Architect of the Capitol.

"There are still some zig-zags here," Mr. Faulkner said.