

2019-20 LEGISLATOR'S GUIDE to the Issues



Grace Commission

The Issue

In the late 1960s, then-Gov. Ronald Reagan signed an executive order establishing the Governor's Survey on Efficiency and Cost Control, a private citizen-composed commission tasked with examining and evaluating the entirety of California's state government. The monumental effort sought to bring a fresh perspective to old systems and determine what, if anything, could be improved.

Making up the commission's membership were 250 business and industry professionals who freely donated their time and expertise toward achieving a common goal. Over the course of 10 months, this group thoroughly examined California state agencies and developed close to 2,000 specific recommendations. Full implementation of these recommendations could have yielded hundreds of millions in state savings. The commission also anticipated that their recommendations could produce annual savings for federal and local authorities.

In the early 1980s, then-President Reagan signed an executive order establishing the "Grace Commission" to identify excessive federal expenditures and improve managerial accountability. Like the California commission before it, the Grace Commission was entirely constituted of private sector citizens who found numerous ways to better serve the public.

The Grace Commission found almost 2,500 separate and distinct ways to right-size the federal government. According to the commission's findings, the full implementation of their recommendations, either through administrative or legislative action, could have saved an estimated \$424.4 billion over a three-year period plus achieved cash accelerations of \$66 billion. Importantly, all of its proposals were achievable "without raising taxes, without weakening America's needed defense build-up, and without in any way harming necessary social welfare programs."

Over time, a number of the Grace Commission's proposals became law, temporarily bending down the federal government's cost curve and improving the delivery of services in some areas. Even those recommendations that did not become law armed the grassroots with substantive ideas to improve the operations of government.

In Texas, there's an opportunity and a need to relaunch President Reagan's Grace Commission concept. A variety of factors—like heightened population growth, near-term budgetary excesses, and long-term structural imbalances—are putting pressure on state and local government finances. If left unchecked, these pressures threaten to erode the foundation of the Texas Model—low taxes and limited government.

To the extent that it makes sense, state agencies and large local governments should be required to undergo this kind of private sector-led analysis. A recommissioned group should aggressively seek after-cost containment strategies and ways to improve management techniques. Any redesigned committee should be composed entirely of private citizens, entrepreneurs, employers, and other volunteers appointed by key elected officials.

The goals of this new efficiency commission should be similar to that of its predecessors, seeking to identify the following:

- Efficiency gains and cost reductions that can be realized through administrative discretion, legislative changes, or by the enactment of ordinance or charter amendment;
- Opportunities to streamline programs, departments, and positions;
- Best practices that allow federal, state, or local governments to better share resources, such as personnel and equipment, and that improve personnel accountability in areas such as overtime;
- The nature and structure of federal funds received, including matching requirements and maintenance of effort requirements.
- Possible redundancies and overlap;
- Processes that can be made more cost-effective through the introduction of competitive bidding practices; and
- Programs, departments, and functions that merit further study.

In this way, Texas' state and local governments can have outside experts examine their systems, operations, and procedures with a fresh set of eyes—and at no cost. Any potential savings could be shifted to other, higher uses like lowering taxes, paying down debt, improving infrastructure, and improving the solvency of public pension funds.

The Facts

- The California commission was created as a way to restrain the growth of state government, which was outstripping population growth.
- Near its end, the Grace Commission consisted of 36 task forces that were chaired by more than 160 top executives from around the country, and it was staffed by more than 2,000-plus volunteers who had thoroughly examined "federal departments, agencies, and functions that cross-cut the entire government, in addition to 11 special studies on other important issues." This exhaustive review led the commission to offer "2,478 separate, distinct, and specific recommendations" which, if fully implemented, would have resulted in \$424.4 billion in net savings and revenue increases over a three-year period.

Recommendation

Require state and local governments to create separate, independent private sector-led commissions to conduct a comprehensive review of all systems and procedures. Mandate full cooperation from all relevant personnel.

Resources

["Harvey presents a chance to re-examine role of government"](#) by James Quintero, *Austin American-Statesman* (Oct. 29, 2017).