

## **You Might Be Right - Making Government More Efficient - Transcript**

*Transcripts are machine and human generated and lightly edited for accuracy. They may contain errors.*

**Elaine Kamarck:** You take away people's Medicare and they can't get lifesaving medicines You take away people's social security or screw it up, and people can't buy food or pay the rent. Government deals with life and death situations and business simply doesn't.

**Jim Capretta:** The problem is big spending programs, benefit programs, going to the American public, and a mismatch between the costs of those programs and the taxes we've been willing to pay.

**Marianne Wanamaker:** Welcome to "You Might Be Right," a place for civil conversations about tough topics, brought to you by the Baker School of Public Policy and Public Affairs at the University of Tennessee, with funding support from members of our Producers Circle. To learn more about how you can support our work, visit [youmightberight.org](http://youmightberight.org).

Debates over both the role and size of government are as old as the country, and over time, presidents from both parties have attempted to streamline government, cut spending, and improve service delivery to varied degrees of success.

In this episode, our hosts, former Tennessee Governors Phil Bredesen and Bill Haslam, and their guests, discuss what a smaller, more efficient government might look like, and if it's possible to get there. What can we learn from history about both the legal and political challenges of cutting government programs facing the Trump Administration's Department of Government Efficiency?

**Bill Haslam:** Phil, this topic is one that we both dealt with a lot. How do we make government work better and do it in a less costly manner?

**Phil Bredesen:** I'm hoping we can find all the answers in our upcoming segment here as I worked for eight years and didn't get them all.

**Bill Haslam:** But we'll talk about this later, I hope. But you did get a lot and you started some things that we finished, and we both learned a lot in the process about what you can do and what you can't do.

**Phil Bredesen:** Maybe this is, we can find out what we did right and wrong here.

**Bill Haslam:** Here we go.

**Phil Bredesen:** All right, Bill, we've got two great guests this segment. Jim Capretta is a senior fellow and has the Milton Friedman Chair at the American Enterprise Institute. Also been a senior advisor at the Bipartisan Policy Center and worked in the White House Office of Management and Budget for several years during the aughts.

Elaine Kamarck is a senior fellow in governance studies and director of the Center for Effective Public Management at Brookings. She's an expert on electoral politics and government innovation and reform. Also has been a lecturer at the Kennedy School at Harvard. Welcome both of you and we really appreciate your being here.

**Bill Haslam:** Well, let me start with the first question, DOGE, and the effort around it is obviously the hot topic of the moment, but both of you have been involved in efforts to make government more efficient in the past, Jim, with the George W. Bush administration, Elaine, I guess, involved with the rather famous Clinton/Al Gore reinventing government initiative. Help us put this in some perspective. Like I said, it's not the first time we've tried this, although we're maybe taking a different approach. Both of you give us your insight into both from your own personal and historic knowledge of what's happened in the past.

**Elaine Kamarck:** Well, you may or may not remember that when Bill Clinton ran for president in 1992, he ran on a program of being a new Democrat. And what that meant, one of the things that meant was that he understood people's frustration with government being too big and their suspicion that, in fact, people's tax dollars were not being very well spent. He campaigned on a promise to reinvent government, and it worked well for him because it said, A, we get it. If you're a conservative, you're a Republican, we get it. We understand that you think this thing's kind of a mess. On the other hand, to the Democrats, it said, "Look, we understand that we have to have some government. We want it to work well." So when he came into office, he gave this job to Al Gore, and Al hired me, and we proceeded to create a team, a big team, composed of people who were already in the federal government and were known to be innovators in the federal government.

And we did this by word of mouth, and we had a little help from Charlie Peters and all sorts of people who'd followed these things, and we put them into teams and set them to work in going to the agencies and visiting with a team in the agency to look at everything, including what worked well and what didn't work well, to look for savings and efficiencies, but also to look for processes, things that needed to be improved. For instance, the FAA. We spent a lot of time with the FAA, and 32 years later, I can say it's probably time to spend some time with the FAA again. So while we had a goal of cutting government and saving some money, also we had an equally important goal of making government work better.

**Bill Haslam:** Jim?

**Jim Capretta:** Yeah, well, we certainly remember that period well, when we came into, I was part of the Office of Management and Budget in the early years of the George W. Bush administration, just in the aftermath of that effort that was just described and in our era, started by then director Mitch Daniels and continued on by a series of successors, during that period. There was a focus on the management of these big agencies and they instituted a couple of different initiatives. One was something called the PART, the Program Assessment Rating Tool, which was a way of trying to systematize evaluation of program effectiveness across the

government with a way of then following through with metrics on improved performance across the board. And it was also during this period that the idea of a presidential management initiative kind of got reinstated and got going on a regular basis, which has been continued on kind of episodically since.

That is in addition to a president's budget. There would be sort of a plan of action that would be put together that would attack big systemic management questions that needed to be addressed across the federal enterprise and try to do it in a very systematic way with a much more organization of the key players across the federal enterprise. They instituted a whole bunch of different councils and other things that were started even before the George W. Bush administration, but continued and got cemented and accelerated. So I think during that period, there was a lot of activity both in the '90s and in the early 2000s.

I also would mention that I would think DOGE is a little bit reminiscent of stuff done in the '70s of course. Zero-based budgeting was a big thing under the Carter administration, and of course, President Reagan had what he called the Grace Commission, which was kind of a like to DOGE and sort of an evaluation body that was going through and looking at all the different federal government agencies trying to determine what to do with them, and maybe took a somewhat aggressive approach to how to go about it.

**Phil Bredezen:** Both Bill and I came to political office out of the business world, and I know when I ran for governor, I talked about running government more like a business, and everybody likes the idea until you actually try to run government like a business, and then they don't like it anymore. So one of the questions I have for you is, is there really a constituency out there for substantive changes in the operation of government that's meaningful, or I sometimes get cynical and think it's more performance art than actually trying to modify the way that government works?

**Elaine Kamarck:** Well, I'll take a crack at this. I mean, we spoke a lot about business processes in the government. We spent a lot of time with big corporations, we spent a lot of time with CEOs, but what we were looking for was looking for lessons from them, and they were really at the very, very basic operational level. I remember talking to Disney executives on line management, right? Because Disney has these hordes of people and they stand in lines in the hot sun, and they're pretty good at kind of making these moves, et cetera. And we had passport offices and social security offices and all sorts of offices with big lines. So we used the business know-how when we had equivalent sort of processes. The Army motor pool, right? Spent some time with Avis and Hertz, right? Because it's the same mission, right? Keeping cars ready, clean, et cetera, ready to go. That's where business can be really, really valuable.

Where the differences come in is in the end purpose. Business doesn't have to be stable the way government does. Chaotic government is a mess. And in fact, you want to see a country you don't want to live in? I promise you, they've got a really chaotic government. For instance, look at Musk taking over Twitter. He goes in, he fires 80% of the staff. The place is in utter chaos. Twitter goes down for a week, goes black for a week, and then they slowly hire back

some of the staff. They kind of put it together and they now are not nearly what they used to be, but he's got a megaphone, which I think is what he wanted in the first place. But let's face it, people live quite well without Twitter. Twitter can go down for a week and nobody dies, right? Nobody dies, nothing happens to them.

You take away people's Medicare and they can't get lifesaving medicines. You take away people's social security or screw it up and people can't buy food or pay the rent. You cut CDC so that foodborne illnesses run rampant throughout the country and put people in hospitals and old people die. Government deals with life and death situations and business simply doesn't. I'm constantly reminding people who are not old enough to remember this of new Coke. Do you remember when Coca-Cola decided to change its formula and introduce new Coke? Well, it was a big flop, right? And when businesses try something new and it flops, well, the worst that happens is they lose money. Okay? The government cannot afford to flop, and this is where DOGE is really on thin ice. Something's going to happen.

**Bill Haslam:** Jim?

**Jim Capretta:** Yeah, I mean, I think I basically agree with what Elaine just said. I would say that one of the things we used to kind of joke about in the Bush administration was that unlike a business, there are folks in our administration who would say, "If something's not working, let's take some of the money that's going into that program and put it into something that is working," kind of move money around. So if something's evaluated as a low performer, take money from it and give it to a high-performer. We want results. Not a lot of floundering. And, of course, there's an element of truth to that, but a lot of times that isn't how it works.

I used to say government was the only place where if things are going badly, the agency will come in and say, "Well, we need more money." And then if things are going well, they come in and say, "We deserve more money." So it was always a one-way street. There was never an easy way to say, "If it's not working, let's take the money away." Which is, of course, in a business mentality, it's a completely different way of thinking. If there's a business unit that's failing and losing money, you cut it loose. But you can't really do that in the government, at least not for the really critical missions.

**Elaine Kamarck:** I remember, Jim, a meeting with a bunch of CEOs, very big companies and the vice president, and I remember the vice president telling them that in our own little tiny budget for the Vice President's Office, we were not allowed to move money from the travel budget to the personnel budget or vice versa without getting congressional approval. And at that point, nobody else had anything to say. They couldn't imagine a system like that.

**Bill Haslam:** I think we'd all agree, you all are probably coming from a little different place on the political spectrum, but you'd both agree we do have a deficit issue that's a real one facing. So we do need to figure out a way to not spend as much on government as we do. Most people would agree with that. Okay. Number one. Number two, we would say it's not really efficient. I don't know Elon Musk, but I bet he looked around and said, "With SpaceX, I'm getting rockets

up more reliably, much more inexpensively than NASA is." That's the problem with government. We've all been frustrated at one time or another with the inefficiency of government.

If somehow you were miraculously appointed to come be a senior advisor to DOGE, what advice would you give each of them? Jim, I'm going to let you go first on this. Like I said, if all of a sudden Elon called you and said, "Hey, I'm not sure we've got this exactly right, come help us." What advice would you give them?

**Jim Capretta:** Well, I don't anticipate the call coming in, but if it did, I think I would say something like, I wrote a little piece about this some time ago, a month ago, and it was basically that I think the incentives are misaligned in the government, right? So if you want to get more efficient government, you need to work with the big agencies, the ones that are really running big business operations, things that are processing a lot of important public information that the IRS, the Social Security Administration, CMS, big operating agencies. You go into them and you say, "We're going to start working with you over a multi-year budget, maybe a five-year budget, and we're going to have a baseline. And if you can beat the baseline, you can reinvest some of the savings back into your agency. And if you can't, then you're going to only get the baseline," and you put some senior level people in charge and make them accountable for it.

And then also to make this worthwhile to the taxpayers, to your point governor, is you return some of it to an account in the treasury. So maybe half goes back into reinvesting in the agency and half goes back to the treasury and the treasury, once that little account where they're tracking how much gets accounted for from this initiative gets big enough, maybe you do return it to the taxpayers as part of a dividend. So I'm not against that dividend idea. It's an idea that others have championed over the years, Mitch Daniels included. And I think it works because it helps incentivize the political process and the agency process, which these places are too big and too important to kind of think you can just sort of willy-nilly turn them on a dime in a six-week period. So there's got to be a long-term investment strategy, change business operations and get the people who know how the place is run, incentivized to make them more efficient and less costly.

**Elaine Kamarck:** Jim, we had that exact discussion in reinventing government and we went up to the Hill and we floated it among the appropriators and we were just shut down. The notion that you would let the agency keep some of its savings that it figured out how to do, right? They just hated it. They just hated it. And we ran into a brick wall and I suspect, I don't know if you still would, it's a new generation of congressmen, maybe it would be different.

I would add two more things to that. I think that the one great good Elon Musk can do for the federal government is to bring some of these top-notch software engineers into the government to look at the legacy systems that are the information technology systems, which the government is never able to fix because we can never hire people at the salaries that you're needed. You have to pay more than you pay the President of the United States to get a good, a top-notch software engineer in and update the systems. And at first I thought, "Whoa, Elon Musk was going to be the government's IT guy," and then he started willy-nilly slashing things,

which makes no sense.

And then the second thing I thought they were going to do was do a regulatory review. We cut 16,000 pages out of the federal register. We cut 400,000 pages of agency regulations. Some years later, Cass Sunstein at OIRA did another regulatory review. The regulatory reviews are very useful to do periodically because you get rid of stuff that's kind of obsolete, either made obsolete by technology or by time.

So those are three things. I mean, what Jim's talking about in budgeting, information technology upgrade, and regulatory reviews, those are three things that I thought maybe Musk's team would do, and it doesn't look like they're doing any of them.

**Phil Bredezen:** Let me be a little bit of a contrarian here. Most of the talk about making government more efficient and so on is in the context of we have these huge deficits and they're ultimately damaging to the country and we owe it to the taxpayers to not put burdens on future generations and so on. But the U.S. government today is basically a big insurance company with a side business in defense and everything else kind of disappears in the rounding. So I would be very skeptical about any effort that has to do with making the FAA more efficient, not to be difficult or anything like that, is having any meaningful impact on that. I mean, unless you deal in some manner with Medicare and Medicaid and Social Security and those kinds of things, it's all just performance. Tell me why I'm wrong.

**Jim Capretta:** I'll go first on this one. You're not wrong. You're absolutely right, which is that there's a reason to do an efficiency initiative for the federal agencies and bureaucracy, but cutting federal civilian employment as the DOGE is really focused on is not going to make a dent in our deficit. It's a small number relative to the size of the problem. It's symbolic. I think the public associates the workforce with the deficit maybe a little bit, but that's not really what the problem is as you put your finger on. The problem is big spending programs, benefit programs, going to the American public and a mismatch between the costs of those programs and the taxes we've been willing to pay.

So I completely agree with you. That doesn't, of course, discount the importance of trying to make whatever government is doing efficient. I mean, every tax dollar deserves some scrutiny and shouldn't be spent if it's not a good use or it's ill-advised or it's unproductive, but kind of attacking the agencies, the federal agencies, a lot of these are very small in the scheme of things. None of that's going to make a difference on the deficit, which is really a massive mismatch between benefit payouts and the tax base that's paying for them.

**Elaine Kamarck:** Yeah, let me add to that. Back in our day we had two purposes. One was making the government cost less, but the other was making it work better. And believe me, people want the FAA to work better. It's falling apart again. And we did a lot of work with FAA. We had a really wonderful run of a couple decades with very low incidence of air traffic accidents in the United States and suddenly we're having them again. They need to look at that, but that doesn't save money. The only way you save money is you revamp the benefit programs

and nobody's had the political guts to do that.

**Bill Haslam:** So, because you've both been there, to Phil's point and the point that both of you make it, I think 16% of the budget's discretionary. I mean, you can work really hard and cut and maybe you cut one and a half percent, but it's not going to make a meaningful difference. Given that nobody's willing to look at defense or the three big entitlement programs, what do we do? Again, imagine you're back in the White House in a role of some type. You're convinced that not only do we need to make it work better, Elaine, and I agree with your FAA examples, everybody wants it to work better, but we have to address the cost and size of government. What do we do?

**Elaine Kamarck:** Well, I think that you need to start looking at entitlements. That's what you need to do, and you need to figure out a way, which they did in 1983. Remember that the Reagan and Tip O'Neill deal in 1983 gave us a couple more decades of solvency in Social Security. And so I think you need to be looking at some sort of deal like the 1983 deal, which takes place into the future. In 1983, I was in my 30s and so it didn't even occur to me that they weren't making a deal. It didn't even occur to me that they were raising retirement age, et cetera, until much, much later. And I looked back and said, "Oh, I didn't care. It seemed so far in the future." That's the sort of thing you have to do. And I'm hoping that somebody at some point will do it, but this administration obviously is not going to do that.

**Bill Haslam:** Jim?

**Jim Capretta:** Yeah, I'm very much in alignment with that line of thinking. I think they really should. It's true. We have a big deficit right now and people want it to come down. But the problem isn't so much that you have one or two or three or five years of deficits that have continued. The problem is sustained large gaps over decades and the market's eventually concluding this is never going to get closed. And so right now they expect it to be closed. And so we should match that expectation by putting into Social Security and Medicare in particular, automatic adjustments. Some of these things are hard to estimate, and so they ought to build into the programs stabilizing – they're already indexed in scores of ways, that is, they're automatically adjusted for inflation and tax-based changes. And in Medicare, provider payments and this and that. There's lots of indexing going on in these big programs. That means they're automatically updated and you ought to tweak those and put into the laws that govern how they work little automatic adjustments based on how they're expected to play out financially so that the trust funds never go under.

If you did that, by the way, real benefit growth would still continue. Benefits in 2050 would still be much higher than they are today, but they'd be a little bit less high than they're planned under current law. I think this is such a solvable problem, if we presented it the right way to the public. No one's going to really get huge cuts in their benefits. In fact, all low-income people would be protected. But we need to kind of scale back a little bit just to what's being promised and say let's make it affordable to the tax base we're willing to pay.

**Elaine Kamarck:** You know, Jim, every time I worked this issue, I would be amazed when the numbers came back at how much money got saved just by the smallest, smallest adjustments in social security.

**Jim Capretta:** Absolutely.

**Elaine Kamarck:** That nobody would even notice.

**Jim Capretta:** Yes.

**Bill Haslam:** Agree. But as they say, there's a reason Profiles in Courage is such a thin book. It's hard to find those examples in politics.

**Phil Bredezen:** It's out of print now, I think, isn't it?

**Bill Haslam:** It's in and out of print. Yeah. Yeah.

Let me ask this. I mean, we're all caught in the current moment around DOGE. I think you both would say, "Hey, these efforts are worthwhile, if pointed in the right direction, that we have to keep a constant focus on whether we're going to call it – reinventing government, DOGE, whatever we're going to call it – on making it more effective and more efficient." Are there any reasons for encouragement in today's political environment that you see as we try to make government more effective and efficient?

**Elaine Kamarck:** Jim, you want to start?

**Jim Capretta:** I mean, I'll admit I'm not very comfortable with the basic tenor of how things are going on a number of levels. I think that the way the DOGE got rolled out, sort of making the government sort of the target and the focus and making it in an aggressive negative kind of play, that bothers me. And I think that's ill-advised. However, having said that, there are some, here and there, responsible players still in our political system. And if they can take DOGE and say, "Let's turn it into a more traditional effort at identifying big system failures that our private sector talent can help us solve," I think that's a much better use of DOGE's time.

Programming and IT investments in the federal government is not the government's strong suit. There have been epic failures in the government on that score for decades. And so yeah, having a unit that came in and said, let's rework how the IRS does business and think big and we're going to redo all of this IT in a big fundamental way. There's nothing wrong with that. In fact, I think the public would love it. What if they did say, "Hey, you should be able to file your taxes by yourself using AI, online, and it should be 15 minutes." Don't you think the public would love that? Right? So I think there are ways that this could be a breakthrough moment, but the destruction and disruption is making it hard to see how they get to that point.

**Phil Bredezen:** I have this principle I guess that I've learned in my time in public life that



legislative bodies are incapable of doing anything really hard until they absolutely, absolutely have to. And that seems to have played out multiple times here. And certainly when you start talking about any substantive changes in the way government works, you have huge constituencies for things the way they are. And there's no pressure. The pressure is very limited to actually do anything. Back in the '90s, there was a lot of talk, and if you remember – I mean we had a balanced budget in what, 1999, 2000 – but there was a lot of talk about a balanced budget amendment of some sort that would be highly disruptive right now. But is that something this country should take up again?

**Elaine Kamarck:** I'm not sure we could take it up. I'm not sure we can do it. We've gotten so off track. But let me pick up on the question Jim answered, too. I think that one way this could get righted is, ironically, Trump's cabinet. Even though it's filled with people who we've argued as Democrats are unqualified and kind of out there ideologically, if you look at what's happened just in the last week, who was the first person to take on Elon Musk? It was Kash Patel over the FBI. Because Kash Patel knows that his legacy at the FBI is not going to be about not going to Mar-a-Lago for documents. I mean, that's over, right? He's not going to do that. His legacy is going to be can he make a dent in the fentanyl crisis, which is his president ran on, okay, is fentanyl.

Now, how do you track down fentanyl? How do you put drug lords in jail, et cetera, without a fully functioning FBI? If you got rid of it, there's nobody else who can do that, right? That's what they do, right? They track down, bad guys and try to put them in jail. And it doesn't surprise me that Kash Patel was the first person, first cabinet officer, and then seven others followed suit saying, "Nope, we're not doing this. We're telling our workers that they don't have to do this." Because it was a dumb idea, frankly, to begin with. But in addition to that, there's a lot of stuff the government does that's highly confidential and for good reason. And so, ironically, I think what we're seeing is the cabinet, the Trump cabinet, pushing back against Elon Musk who went in there with this idea that people in the government were somehow criminals or incompetent or stupid, which is one of his favorite words. And I think that as the cabinet looks at what they want to accomplish, they're going to have to push back and then they are pushing back against Musk.

**Jim Capretta:** I'll just say back to, I'll respond maybe just to the question I gave my answer to that same point earlier, but now on the balanced budget question, constitutional amendment, I don't favor that. I don't think it can happen. I don't rule out, however, Governor, that there might be a way to put in a statute, that is, a federal law that could be amended later, targets that could guide policymaking. I think that actually could have some value, some joint target that both Congress and the President set up, maybe debt as a percentage of GDP 5, 10, 15 years out. Start putting those kinds of things into law that can be amended to say to the country's elected leaders, "Hey, the public through its representatives is targeting a more fiscally disciplined government." And so they need to make decisions that hit those targets.

**Bill Haslam:** You all have been terrific to wrap up. We always ask our guests the exact same question. Howard Baker had a quote, to be open-minded because always remember the other

person might be right. Can you think of an example, particularly maybe on this topic, on making government work better, making it more cost-effective, et cetera, where you now look back and think, I didn't have that exactly right? Can you think of an example from your past?

**Jim Capretta:** Yeah, I have one, which is that when the Affordable Care Act passed in 2010, they set up through the states and then if the states didn't do it through the federal government, something called the exchanges to process insurance enrollment and also the payment from the federal treasury of premium subsidies to offset the cost of the premiums being charged. They didn't really set up a very large bureaucracy to process this new benefit program. It was all basically online. It didn't set up new offices with intake and everything, and it crashed, famously crashed at the beginning, but they righted the ship. In fact, that's how the U.S. Digital Service, which is now DOGE, got started, was righting that ship. And, honestly, it's now become more of a model of how to run a benefit program, right? There's still lots of problems and people getting the wrong amounts and so on. It needs to be tightened. But imagine if more benefit programs were really administered through an online, less costly, less bureaucratic, more open system. I think that has a lot of value.

**Elaine Kamarck:** The one thing I wish we'd been able to do was make a dent in civil service reform because the civil service, I know from years of teaching at Harvard's Kennedy School where we had all these very smart people who wanted to do government service and the recruiting season would start, and before you know it, they were hired by Accenture or somebody like that. And then the government came sort of loping in and had nine-month wait times, et cetera, and they lost people. Okay? They lost talent.

And I think the government has also been too lax in getting rid of people who are non-performers. And that I think has added to the feeling that the government can be, that all these people could massively be fired when that's not true. But I wish we'd have been able to do it. Unfortunately, there was no political center at this time, right? It was a preview of what was happening generally. On the right, we had only people who wanted to kill federal unions. On the left, we had people who wanted to make federal unions much more powerful and we just didn't have a middle and we couldn't do it.

**Bill Haslam:** Well, those are two great examples. We have somebody coming more from the left side saying, we need to look at civil service. And somebody more from the right side saying, the exchanges that Obama set up around Obamacare had some long-term validity and use. Thanks for coming up with great examples. Hey, you all have been great guests. We appreciate it. It's a topic that matters a lot to all of us long-term and obviously in the moment as well.

**Elaine Kamarck:** Thank you.

**Jim Capretta:** Thank you for having us.

**Phil Bredesen:** We appreciate you both being here. Thank you.

**Bill Haslam:** Phil, what do you think?

**Phil Bredeesen:** I mean, it seems to me we have kind of conflated together these issues of how do you cut costs in the federal government to reduce deficit levels and the issue of how do you make things run more smoothly so you can contract for things and get the IRS to work right, and so on. And so much of what's being done is in that latter category, but it's being justified in terms of the former, and it just can't work that way. There's just not enough there to make any difference.

**Bill Haslam:** So let's talk about maybe in general, the federal government, which we're talking about, and then government in particular, which we both have experience with. I think you're right. Until we have the courage to look at the entitlement programs, we're not going to really address the situation. The encouraging thing I think is both of them said with some minor tweaks that most people really won't notice because they're mostly the long-term effects, I think we can begin to address it. I think that's true in Medicare and Medicaid, in particular. So I think those opportunities exist to do that.

**Phil Bredeesen:** Yeah, I guess I would say, I'm not so sure about the small tweaks thing. I mean they mentioned that with regard to Social Security, but the big thing that Reagan did, yeah, they adjusted something. The big thing he did was increase the Social Security tax, the employer. I mean, that's what really made the difference. And that's a third rail at the moment anywhere in government. And then when you get into things like Medicare and the way that it operates, I mean there's a lot of things to be done, but I'm not aware of any small harmless tweaks. I mean, at some point you've got to say to somebody, no, you can't have that to make anything work. I guess I'm saying I don't think there's an easy way to do it with small tweaks. I may be wrong.

**Bill Haslam:** The other thing, I mean, the issue I'd bring up is, as an example, is in Medicaid, one of the ideas is they cap the per-cap growth limit on Medicaid and then pass that to the states, which is really what's happened in Tennessee. I think it's worked well. I think it saved the federal government money and it saved Tennessee money in running our TennCare program. Something that I think you actually asked to do years ago and they wouldn't let you do it. So I do think given that kind of flexibility, there are things that we can address.

**Phil Bredeesen:** Yeah, I mean there's certainly ways, as you say, Medicaid is a state-run program with substantial funding from the federal government, and there are certainly ways to do it better. Medicare is not.

**Bill Haslam:** Right. Fair point.

**Phil Bredeesen:** That's totally a federal program. In each of these cases, if you want to continue programs, Social Security or Medicare in essentially the same fashion as you have them today with the same benefits, I mean there's no way around that besides a tax increase or continuing to run huge deficits.

**Bill Haslam:** Let me shift back to government in general. Like I said, one of the quotes I've stole from you is the one you opened with today. Everybody wants you to run government like a business until you do, and then they're like, "Whoa, that's the part of government I like." But real-life example. So we have the recession of '08, '09, you're in office, federal stimulus money hits states' budgets, which all the states use. And then right about the time I'm coming in, most of that money is going to run out starting this January of '11. You went through the process of saying, "Here's how we will deal with that. We'll cut in this way, we'll make these adjustments." They were a lot of hard decisions.

Then that was our first budget to implement. You kind of had given us a roadmap, "If you have to make cuts, here's how you do it." We ended up having to do some of those and then some of those, because the economy came back pretty strong, late '10, early '11, we ended up not having to do all of them, but there was a roadmap that was difficult but possible. I guess looking back, do you think we can make hard decisions in government, if we're willing to, and there are ways to make those adjustments that people can live with?

**Phil Bredesen:** Well, I think one of the guests spoke about during the Reagan era, he made changes that were taking place in the future. And when we went through that process of having really, I mean severe budget issues, I mean that was what I counted on, which was we made people prepare and specify what cuts they were going to make because that money was going to run out probably before the economy came back, but not have to make them right now, and they're a couple of years off if we don't get the money back. And that led to a much, I thought, a much richer discussion within the departments about what do we actually need to do here and focus down the line a bit as opposed to, "Oh my gosh, here's the person going to lose their job tomorrow or something."

**Bill Haslam:** Although that's true, I did notice that our department heads eventually got smart and when I'd say, "Hey, we're going to have to have two and a half percent cuts from everyone. Show us what you do." Well, the programs they'd offer up would be things that they knew there was no way I would cut. And so you all probably, "Okay, if we have to cut two and a half percent, here's what goes away." I think that's, again, why you do have to – listen, I think the DOGE idea actually does make sense to be continuously looking because government on its own just is going to grow. When you're using other people's money, I think people aren't as hard as they are with their own. That being said, that surgical approach, while it's hard and takes longer, is really what works in the long term.

**Phil Bredesen:** Yeah, I mean if you look at it, there's plenty of examples of big companies who've been in very difficult times and have managed to get themselves out of it. And I mean IBM, Microsoft to a certain extent, and so on, but they wouldn't even remotely consider it the way DOGE is doing it. I mean no one would do that. That's why I think it's more performance art right now than it is actually – I mean, I can't believe that these guys really think that's the way to make these changes. It's got to be much more about making a point with the public and exciting some of the base and so on. But I agree that there's a lot of things that were just a more

effective operation of departments and somebody has to do with contracting and as governor—

**Bill Haslam:** No question.

**Phil Bredeesen:** —and we had a terrible time all the time with IT stuff.

**Bill Haslam:** Right.

**Phil Bredeesen:** And it wasn't so much that we couldn't afford to pay somebody. It was that the whole contracting process was so contrary to what you have to do to get a good IT system. I mean, you had to write everything down on paper in these detailed specifications before you've really had conversations with people about, "Okay, what do you do with these computers and how do you make this thing work better?" So, I think, Elaine I mentioned the FAA. Well, I mean, the FAA has been trying to modernize the air traffic control system for like 25 years at this point with sort of no particular success in doing so. And finding a way to actually make that work, I would think it would be very important in terms of serving the public.

**Bill Haslam:** I do think that whole procurement process — the other thing that I was pleased to hear Elaine say is, listen, civil service in the federal government is broken. And one of the things I saw at the state, she used the example of somebody interviews, but by the time the government gets around deciding, somebody that can pay a lot more and be a lot more flexible comes in to offer some job. We got to address civil service system. This idea that whoever's been waiting in line the longest gets promoted or gets hired next is crazy. And when our department of transportation needs a new engineer, they need to be able to go find the best engineer they can. That's, listen, we're still working around the edges as long as we don't address entitlement programs. But that is a good place to start is looking at how costly the civil service system is.

**Phil Bredeesen:** Yeah, and again, all I'm suggesting is that in focusing on that, it shouldn't be so much about the costs because they're kind of meaningless in terms of the deficit, but it really ought to be in terms of if you want to have safe air travel, you need to have modern computer systems controlling it. And the FAA seems incapable of being able to do that. So I think that's a big thing.

You may have fixed the problem on your watch, but with civil service, the biggest problem I had was with prison guards. And the problem is that they're all civil service positions. There's high turnover. And so it's time to hire a prison guard and you have to go through the civil service list and start with people who applied three years ago and have long since left the state. I don't know, something else. And it just became this impossible problem to work through that system. But of course, there's a huge constituency out there for leaving it unchanged.

**Bill Haslam:** Well, we were able to address that some, but in the end, I think one of the biggest things that I thought, and we were able to make some changes. If you actually get the right people and pay them more so that you can attract the right people, you actually, in the end

might, you can do with fewer people. And that's been one of the lessons that we learned is pay people what they're worth, and you might have a higher quality if fewer people.

**Phil Bredesen:** Well, this is an issue, which it's not going to go away. It's not part of the—

**Bill Haslam:** Unfortunately.

**Phil Bredesen:** I mean, most administrations during my lifetime have had some effort underway at different levels of trying to make this happen. But it sure is worth continuing to talk about both in terms of the deficit and in terms of just running an effective government that serves people.

**Bill Haslam:** I'll end with, I agree with you. One of my key concerns for our country is that we at least raise the level of awareness of how damaging the deficit is to us long term.

**Marianne Wanamaker:** Thanks for listening to "You Might Be Right." Be sure to follow on Apple Podcasts, Spotify, or wherever you listen to your favorite shows. And please help spread the word by sharing, rating and reviewing the show.

Thank you, Governors Bredesen and Haslam, for hosting these conversations. "You Might Be Right" is brought to you by the Baker School of Public Policy and Public Affairs at the University of Tennessee with support from the Boyd Fund for Leadership and Civil Discourse. To learn more about the show and our work, go to [youmightberight.org](http://youmightberight.org) and follow the show on social media @ymbrpodcast.

This episode was produced in partnership with Relationary Marketing and Stones River Group.