The importance of state-level administration is growing in the field of public administration for several reasons. As decentralization of the national government moves to the states, the task of the states to accept, discharge, implement, evaluate, and fund depends heavily on each state’s administrative capacities (Bowling and Wright, 1998). As a laboratory of democracy, each state must have the capacity and the leadership to innovate and successfully bring high-quality and effective public services to the citizenry.

Top-level state executives are important actors in the political, policy-making, and organizational processes of state government. Bowling and Wright (1998) note that the agencies they head

- perform a broad array of significant public services;
- participate in a broad range of activities across the politics-administration continuum;
- are active in agenda setting and policy formulation tasks;
- implement policies, procedures, and administrative rules and regulations;
- turn legislative mandates into actions;
- oversee organizational and staff operations;
- develop and manage budgets;
- are responsible for inter-organizational relations and intergovernmental networks; and
- generally influence the effectiveness—or the lack of—agency performance.

As this implies, the directors of government departments or agencies have challenging and complex jobs. The scope of this challenge is of course dependent upon the size of the agency and the issues that arise during the period of a director’s appointment. At the same time, no matter what the agency, the director is expected to play a number of demanding and publicly significant roles.
These roles include

- **high-level policy adviser** as a member of the chief executive’s cabinet
- **public advocate** for the administration, especially for new initiatives and in times of political turmoil and crisis
- **principal spokesperson** to the legislature for the department
- **chief negotiator** for the department’s needs in relation to other departments
- **organizational leader**
- **department administrator**
- **budget manager** (formulator and/or cutter)
- **personnel director**
- **grievance handler**
- **flak catcher** for just about everything that goes on within and outside the department
- **media maven**
- **the voice** of the department to the community
- **overall leader** for the staff and
- **the person who is held responsible.**

That public institutions are always in transition, and especially so now, is an additional element that makes being a director challenging. Globally, as well as in the United States, debates about what government agencies should be doing, and how they should be doing it, permeate public and legislative discussions. These discussions have led to a variety of proposals for reform, all of which mean that the heads of agencies must deal with not only the traditional demands placed on them but also the challenge of managing change.

In 1992, David Osborne and Ted Gaebler shook up the existing and some believed sluggish, unresponsive, rule-bound, rigid, and self-protective,
self-serving systems inside public bureaucracies with their book *Reinventing Government: How the Entrepreneurial Spirit Is Transforming the Public Sector*. By the mid-1990s, many states were actively implementing reinvention reforms and staff were becoming familiar with such terms as internal competition, performance based budgeting, steering rather than rowing, benchmarking, and monitoring outcomes rather than measuring processes. Inside most public agencies, there began a constant drumbeat to be more efficient, more businesslike, more responsive, and more accountable…all simultaneously of course. Shortly thereafter, the National Academy of Public Administration published its Priority Issues Task Force Report (Washington, D.C., January 10, 2000). The report defined transformation of governance as the academy’s major focus. The three elements most important for this transformation were

1. the growing complexity of relationships between government and civil society,
2. the need for greater capacity to manage these relationships, and
3. shifting national responsibilities, both in the direction of international bodies and systems and in the direction of states, localities, and community-based institutions.

Brudney, Hebert, and Wright (2000) examined the values that senior administrators held toward the goals and objectives of their organizations and contrasted them by the race and gender of the leader. The values are of interest to us, so we have listed them below. In descending order of importance, the values or goals underlying the administrators’ approaches were

- organizational leadership
- organizational reputation
- quality
- customer service
- effectiveness
- high morale
- high productivity
- budget stability
- organizational growth.
In 2002, Lester Salamon and Odus Elliott added another dimension to the leadership challenge when they argued that much of what government is commonly believed to do has in fact been done by private and nonprofit organizations. Their book *The Tools of Government* explored the challenges of what they referred to as indirect government: the need for public agencies to get things done through organizations over which they have no formal control. For Salamon and Elliott, the real challenge was not the need to reinvent public organizations, but to recognize these public-private partnerships are complex and require skills to make them work on behalf of the public.

Clearly, senior executives try to function in extremely complex environments that have multiple levels and layers of legislative, executive, and judicial oversight, combined with almost constant media, constituent, and advocacy-group attention. There are many stakeholders both inside and outside of government. While diverse, they all have the belief that they are important to the process of influencing public policy and agency direction. The usual suspects include such traditional stakeholders as business, labor, the press and other media, legislators, nonprofit organizations, community-based organizations, advocates, and constituents. However, senior state executives also need to attend to the concerns and issues of other agency directors, line workers, staff officers, and division administrators. In the state of Hawai‘i, there are also special issues and concerns of the Native Hawaiians as well as other ethnic and cultural groups. Depending on the issue, these stakeholders may wield significant influence over agency directors (and the governor). The external environment thus makes demands on public agencies and their directors that are unparalleled in the private sector. Many public officials wish that their job were merely to make a better burger and watch the bottom line, rather than to protect the public interest and improve the quality of life!

**The Goal of Our Work**

This book describes what it is like to lead a large public agency, using the experience of a cabinet member during the administration of Hawai‘i Governor Benjamin Cayetano (1994–2002). Susan Chandler was for these eight years the director of the Department of Human Services (DHS), a state agency with more than two thousand employees and an annual budget of $1.2 billion. Our goal in examining her experience is to share something of the real-
world, day-to-day life of being director during these turbulent years. Our hope is that these reflections will be instructive to those who are curious about what happens behind the scenes in public agencies and what their leaders do. We hope this inside look will benefit current and future leaders, those who work with them, and people in our community who seek to understand and improve their community and their government.

Who Are We?

A word about us. Susan Chandler (MSW, University of Hawai‘i; Ph.D., University of California at Berkeley) is the director of the College of Social Sciences Public Policy Center at the University of Hawai‘i at Mānoa (UHM) and a half-time faculty member of the UHM Public Administration Program. She joined the faculty in 1976. In 1992, she enrolled in a Public Administration Program course taught by Dick Pratt: “Reforming Public Organizations.” Her years of frustration as a social-work advocate had spurred her interest in taking this class. Inspired in fall 1993 during a sabbatical leave, she enrolled in the Maxwell School of Citizenship and Public Affairs at Syracuse University, obtaining a certificate in public administration. Just as she was finishing her certificate program, Benjamin Cayetano, then Hawai‘i’s newly elected governor, asked her to interview for a cabinet post in his administration. She returned from New York, was interviewed and hired, and began her tenure as director of DHS in January 1994.

Dick Pratt (MEd Administration, University of Denver; Ph.D., University of Hawai‘i) is a professor who founded and directs the Public Administration Program at UHM. Focusing on Hawai‘i and the Asia-Pacific region, the program is dedicated to increasing the capacities of public institutions to serve and the abilities of people in public service to lead. Pratt has a long-time interest in reforms that make public agencies both more effective in meeting their goals and more desirable as places for people to work. He has worked with a variety of public agencies in Hawai‘i and elsewhere.

A Caveat

This work, we emphasize, is intended to humanize the people who work at DHS—and other public servants in Hawai‘i—not criticize the department or its employees. The reality is that some of the people who are most frustrated and concerned with the way the system works are the people in this agency and others. Many are there because they believe in something or
have a public or community calling that can’t be satisfied elsewhere. Too often, these same people are caught between the desire to do good work, and the obstacles that prevent them—a recurrent theme in this book.

Our goal is not to find fault with these people, but to speak with understanding and humor to the complexity of the settings, situations, and circumstances (aka the system) in which they try to do their work. It is our shared hope that in highlighting this complexity we also may see opportunities for improvement.

Hawai‘i

Before we begin this journey of reflection, some context setting is in order. Hawai‘i has a statewide population of just under 1.3 million. Its political system is very likely the most centralized of all fifty states, having evolved from a kingdom to a plantation system whose leaders had little interest in the virtues of local government. In the early days of the territory, after 1900, the heads of government and the plantation businesses were concerned that any local government would lessen their control of a society in which they were decidedly a minority.

The centralized system was reinforced later in the century when some people came to believe this structure could protect the small communities
in the neighbor islands from the domination of Honolulu. Through the seniority system, neighbor-island legislators could exert significant power in the state legislature. For example, a county system of education based on a county taxing structure (property taxes or bonds) might have resulted in a decidedly unequal distribution of money per child. The strong, centralized Department of Education (DOE) was designed to ensure equality of public education by concentrating power at the state level and by using state, rather than local or bond dollars for support.

This debate continues today. The person who succeeded Governor Cayetano, Linda Lingle, supports multiple, decentralized school districts with significant decision-making power. The Democrat-controlled legislature this Republican governor has to work with favors a student-based budgeting formula that moves money toward the more needy (and thus more costly) student, but keeps the DOE organizational structure pretty much in place. Even in the face of huge state deficits, the centralized structure of a state-run school board remains.

This debate notwithstanding, Hawaii’s state agencies still dominate the landscape and take on functions that in other places are the responsibility of county or municipal governments. Contributing further to Hawaii’s governmental centralization is the relative strength of the governor’s office in comparison to that of other states. (For more about this, see Hawai‘i Politics and Government, a book by Pratt with Zachary Smith.)

One other note about the context. Life as a member of the Cayetano cabinet was strongly influenced by the economic conditions of that period. Governor Cayetano came into office in 1994 and immediately found, to his great surprise, an enormous budget shortfall. Although the press had been reporting the huge spending initiatives being undertaken toward the end of the previous administration, that of Governor John Waihee, and there were plenty of warning signs about the potential for an economic downturn, the speed with

These are very big cuts!
which the deficit grew and the size it attained were shocking. It took months for the new administration to fully understand how much it would have to cut programs and services and what else it would have to do to cope with the new economic reality. The early cabinet meetings only slowly began to focus on the scope of the economic problems ahead. The effect on the Cayetano administration over the next eight years was pervasive. Every department was asked to cut spending again and again. It was a defining issue not only for the governor, but also for the heads of his departments. Chandler’s experience would have been different in many ways—internally with her staff and externally with the legislature, the heads of other departments, and public interest groups—if the budget-cutting wolf had not always been at the door.

**Book Structure**

We have organized these reflections under the major issues faced by a public sector chief executive. These sections are largely in chronological order, beginning with those issues that greet the executive or director when she or he first assumes the office. Beginning with chapter four, each section is preceded by a commentary by Pratt (in italics) placing Chandler’s experience in a broader context or relating her points to other issues. We wrote this book after a series of discussions and have tried to keep some of that informal, conversational flavor in the chapters.

We begin with some explanation of why, given the enormous challenges, people serve as directors, and then we provide some background on the department that serves as the case for this study.