

GOVERNMENT REORGANIZATION TASK FORCE

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JUNE 1976

SUGGESTED ITEMS FOR
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I. Introduction

It is my understanding that Mr. Carter's approach to government reorganization, and one I would strongly recommend, is broadly defined. If I am correct, the focus of the Task Force would be directed primarily toward how the President and the executive agencies can deliver necessary services more effectively within available resources, rather than simply the modification of structure.

I believe this point should be stressed, because past efforts have tended to become preoccupied with structure, and Mr. Carter's efforts could be too easily dismissed as simply another instance of Washington's favorite pastime of merely rearranging boxes on an organization chart, with no real change in the operation of government that can be perceived by the citizens.

Most citizens regard their government as non-responsive, cumbersome and costly. I believe that this citizen view is largely correct in that it is far more responsive to organized interest groups than it is to needs of individual citizens. Most of our governmental machinery needs a major overhaul to become more responsive. In fact, much of our governmental activity has but limited relevance to the people that our government serves.

The reasons for this massive failure of government are complex, however, and the average citizen simply does not have either the necessary information or the knowledge of large enterprises to understand why the government works poorly or what is needed to make it work.

It is difficult, for example, for outside critics to distinguish between the "bureaucrat" who typically tries hard to be responsive, and the complicated bureaucratic system of which he or she is only a tiny part. The careerist is much more the victim than the cause of governmental failure. As a result, broadsides against those in public service tend to obscure the causes of bureaucratic failure and perpetuate the problem. Nevertheless, the bureaucratic system is in dire need of reform.

In this brief paper I have included several of the areas I believe should be considered by the Organization Task Force.

II. Structure

Despite the possible danger of the Task Force becoming preoccupied with structure, the fact remains that structure issues (sometimes overstructure problems) are important and should be addressed.

- A. Allocation of functions. Nearly all the major reviews of federal government operations have concluded in principle that there is need for a major redistribution of functions.

There are a few areas in which there is some consensus. Nearly everyone agrees, for example, on the desirability of some forms of Department of Natural Resources. A single river basin is now frequently within the overlapping jurisdictions of three departments (Agriculture, Interior and Defense, each with different objectives). Similarly, community development activities are scattered among several departments, as are health, education, international and many other major functions. Although the establishment of ERDA was a much needed step in the field of energy, serious organization problems remain despite our steadily worsening national energy position. This fragmentation greatly reduces program accountability and generates red tape.

Most of these study groups also agree on the desirability of reducing the number of agencies reporting to the President.

There is considerable disagreement, however, with respect to the wisdom of large "super departments." They are extremely difficult to manage, but they do make possible a reasonable span of control for the President, help protect the President from the impossible task of dealing with literally hundreds of powerful special interest groups and are, in my judgment, manageable if provided with sustained managerial leadership.¹

Further, the existence of a large number of agencies has been a major reason for the growth of a large and powerful White House staff which too easily insulates the President and weakens the departments. Narrowly based agencies have tended to become special interest advocates, and have intensified the external pressures on a President, rather than mitigated them. Past Presidents have come to distrust many of their department heads as special pleaders and have turned more and more to White House staff for the broad policy planning and program oversight for which departments are designed and staffed.

This broad type of reorganization involving consolidation touches many power bases and is vastly more difficult at the federal level than at the state level. Most of the affected special interest groups have national headquarters in

¹ Unless carried to an extreme as in the case of the Ash Council proposed version of a Department of Economic Affairs.

Washington and are able to quickly mount nationwide opposition to reorganization proposals, often forming formidable lobbying alliances. Congressional committees regard their jurisdiction as threatened, and advanced Congressional involvement is an essential part of major reorganization undertakings.

A point of departure might be the National Academy of Public Administration proposal of the Bicentennial Commission on American Government. This was initiated by an Academy committee I chaired and was developed by a special Ad Hoc group chaired by Robert Merriam. The proposal is rather complex. But hastily drawn shortcut plans for major reorganization will go nowhere.

I believe a new Administration could move quickly, however, to reestablish Presidential authority for limited changes in the executive branch (short of establishing, terminating, or consolidating departments). Congress permitted this legislative authority to lapse under President Kennedy, and again under President Nixon because of lack of advance White House consultation with Congress. The legislation could not be reenacted in its old form, but with a requirement for adequate advance Congressional consultation, I believe negotiations with the House and Senate Government Operations Committees would permit a new President to retrieve this needed reorganization authority.

- B. Executive Office of the President. There are many reasons for the frequent tensions between departments and White House staffs, some closely related to the personal style of a President which fall outside the scope of structure. The selection of White House staff and their understanding of their own role as well as the roles of departments and Congress are critical matters.

The establishment of the Domestic Council should have provided the President with a vehicle to develop domestic policy in a far more systematic and thoughtful manner than had been true in the past. Although the Council was patterned somewhat along the lines of the National Security Council, a number of the Domestic Council staff soon became enmeshed in the Watergate morass, and the Council has never fully recovered from those tragic circumstances. Further, Nixon permitted the Council staff to overshadow the members, totally contrary to the plan. I still regard the concept as sound, but it needs a totally fresh start and probably some non-statutory repackaging.

The primary purpose of replacing the Bureau of the Budget in 1970 with the Office of Management and Budget was to give

greater emphasis to managerial leadership within the executive branch.

For reasons not directly related to the 1970 reorganization plan, the opposite has occurred. Rapid turnover in OMB management staff has been likened to a revolving door. The budget portion of the organization has reestablished its domination over the management area, and the OMB no longer exercises any serious executive branch management leadership. Many people also believe the high professional standards of the BOB have been weakened by partial politicization of the OMB.

The OMB management debacle, combined with the recent revelations concerning serious shortcomings in the Civil Service Commission, and the politicizing of the General Services Administration, indicate that the Task Force should give serious attention both to the professional upgrading and the possible reorganization of these central agencies on which the President must rely so heavily for the effective operation of the government. Of particular concern is the doubtful ability of one organization, the CSC, to provide vigorous personnel management leadership and to also protect the merit system against powerful political pressures. The current situation is intolerable.

It should be stressed that without subverting the integrity of the merit system, there are many opportunities for a new President and his cabinet to bring in new political appointees who have their personal confidence and who are committed to carrying out the will of the people as expressed through their votes in the election. The careful selection of this cadre of new Presidential men and women is most important.

One of the most important problems this Task Force can undertake is a review of how this new political leadership can best enlist on behalf of the President the support and cooperation of the thousands upon thousands of career employees upon whom the new Administration must rely for its success. The results of the election and a meaningful imprint of the new President require a better initial concept of political leadership — careerist teamwork than has existed after prior elections.

C. Internal Departmental Reorganization.

1. Headquarters.

Consideration needs to be given to extensive internal reorganization of most Cabinet Departments in conjunction with major changes in their approach to management. Much

of this change can be done without Congressional action, through advanced groundwork must be laid on the Hill.

Only minor progress has been made toward establishing a management focal point in departments which provides managerial leadership throughout the department.

The assistant secretary for administration is more often a part of the top management team than formerly. But the individual is typically brought in from a private firm, and by the time he learns enough about government to make a contribution, he is gone. The Task Force should consider both the role of this position and the issues of professionalism and greater continuity.

Within the department, most program assistant secretaries are powerless. This is probably due both to the weakness which results from rapid turnover and from a lack of budget and personnel resources under their control. Consideration should be given to replacing these assistant secretaries with administrators who are not only politically acceptable, but who have proven managerial capacity.

2. Field

- a. Decentralization is sometimes very successful, but in other areas has been so mismanaged as to undermine the concept. Because over centralization is not only costly, but more seriously, it makes government more remote from the people it serves and less responsive, this area merits a close review. Most people fail to understand the techniques of good decentralization, including the importance of either strong headquarters program oversight or clear field authority, proper staffing and clear headquarters - field division of effort. Further, there are varying degrees of decentralization and some areas which do not lend themselves to decentralization.
- b. Department Regionalism. In 1966 HUD established strong regional offices patterned after the Atomic Energy Commission's field structure. The Regional Director was a qualified line official who had been delegated heavy responsibilities and could represent the Secretary in his region. These were later weakened by the establishment of another level of area offices. It is suggested the Task Force review the wisdom of this two-tier system.

Other departments have a confederation of largely autonomous field units, some departments having 10 or 15 field organizations reporting independently to various headquarter agencies within the department. Departmental coordination and consistent policy is almost impossible. The Task Force should review the desirability and feasibility (Congress tends to favor fragmentation) of drawing departmental field activities into more cohesive operation.

- D. Regional Commissions. The role of Title V regional commissions should be reviewed. With neither a clear objective nor much funding, we have drifted to the point at which we now have most of the country blanketed with these commissions. Their regional boundaries and headquarters differ greatly from the "standard" regional boundaries I established for most of the people-oriented departments and agencies which handle the major share of domestic funds and programs and which coordinate their efforts through a different set of federal regional councils. Appalachia represents still a different regional approach.
- E. Interagency Coordination. Two interagency field coordinating mechanisms, the Federal Regional Councils and Federal Executive Boards, have learned to coexist; but their roles are not well-defined, overlapping and competition occurs, and their geographic approach is different. A strong case can be made for remolding them into one mechanism.

Much has been said about the large number of headquarters interagency committees and their ineffectiveness. A few years ago several hundred were quickly eliminated, but attention later became focused so heavily on the problems of advisory committees that this committee area again has been neglected. I suspect that hundreds of new interagency committees are now generating mounds of paperwork, consuming great amounts of manhours, and obscuring accountability. I am referring primarily to standing coordinating committees, and not to the short-term groups established for a specific task and of short duration. Neither do I object to a number of the technical committees, particularly in the field of safety. But I do urge a vigorous drive to eliminate management by interagency standing committees.

- F. Intergovernmental. Johnson's "Creative Federalism" in the waning days of his tenure provided a basis for Nixon's "New Federalism" which began to take constructive steps toward grant simplification and more meaningful federal-state-local partnership. An important role for states also reemerged. Though untouched by Watergate, New Federalism initiatives were nonetheless largely ended by the fall of Nixon, except for revenue sharing.

It is suggested that the organizational Task Force examine the efforts under both Johnson and Nixon to develop teamwork among the levels of government, as well as new approaches such as those advanced by the Advisory Committee on Intergovernmental Relations. All domestic program planning, execution, and evaluation should be required to include the intergovernmental dimensions.

Three particularly important candidates for attention of the Task Force are:

- 1) Possible ways in which the federal government can provide nonprescriptive incentives to states to improve their government and modernize state laws and programs relating to local government.
- 2) What role the federal government should or should not play in shaping the role of metropolitan councils of governments (COG's) and other forms of substate regionalism and,
- 3) How to best involve state and local government in domestic policy formulation and review.

It is suggested that revenue sharing and block grants be assigned to another task force concerned with program substance.

III. Operational Systems

Serious review needs to be given to the whole process of management systems development and operations. Most of them do not really work at all effectively

- A. Program Systems. With a few exceptions, government program systems do manage to avoid total collapse. But they tend to be highly intricate and oversophisticated in many areas, yet leaving some of the most fundamental elements of a management task almost untouched. In other words, we tend to have the worst of both worlds; overblown, costly systems which leave near fatal gaps at crucial points.

Most management reviews refine rather than reform. Attached is a before-and-after flow chart which illustrates how one set of programs was reformed by a drastic reduction in procedures which (a) saved money, (b) cut payroll by well over 100 people (c) brought the whole operation closer to the citizens it was designed to serve, and (d) established accountability. This reform required both strong political-career teamwork and a total systems approach.

- B. Planning and Evaluation. Very few departments or agencies have solved the issue of how to provide planning which is both forward looking and yet pragmatic. It is still proving difficult to relate budget and planning activities either in substance or to mesh their output timewise.

Evaluation is also something we talk about, but can boast of very little success. The Task Force should develop and review several approaches to zero base budgeting (most supporters of the concept believe an across the board annual approach would sink the federal budget process, at least until Congress and agencies have two or three years of experience on a selective basis). Task Force recommendations would be also useful concerning the desirability of more effort to develop social and other indicators of program success or failure.

- C. Management Improvement. Most of the departmental management improvement units probably need major refocusing from trivia to big payoff projects. Their efforts need to be redirected to mainstream agency activities. In addition, management techniques such as value engineering, and productivity and effectiveness improvement and management by objectives need different leadership in many areas. These are impressive activities with concrete payoffs in a few agencies; in most agencies they are largely time consuming exercises in futility.
- D. Financial Management. Charles Schultze has outlined some of the most basic fiscal policy issues, and perhaps these should be addressed by a separate task force.

Whether or not that area is handled separately, I would recommend that a subgroup of the Organization Task Force look at how the next administration can develop a better financial management underpinning. Problems abound:

- . None of our hundreds of federal grant programs, for example, have accounting systems which reflect total overhead. Therefore, we do not know how much of the appropriated funds reach the people and neighborhoods the programs are designed to help.
- . Imprisoned by the annual budget cycles, we often reject multi-year efforts which have significant tax savings potential.
- . We lose hundreds of millions each year through lack of cash flow management.
- . Much of our auditing is archaic, with uncertain follow

through on findings. Worst of all, it is generally too late to detect serious problems until they have become negative news stories which further lessens the confidence of people in their government.

- . Certain revolving funds have lacked both cash forecasting and cash control, despite GAO systems approval.

- E. Procurement. With government procurement activity reaching roughly 100 billion a year, this area has begun to receive greater attention, particularly as a result of the recent Procurement Commission. This attention has focused heavily on policies and regulations, and it is suggested that the Task Force consider looking at a number of management problems which have been raised by the Commission but on which considerable action is still required. It is not uncommon, for example, to find individuals without procurement background or training handling procurement actions up to \$100 million. Further, some of the procurement processes are unbelievably tortuous, not unlike the administrative paperwork enveloping the grant programs. Change orders, progress payments, and sole source procurement represent additional problems.
- F. Personnel Management. Most critical of all, in my judgment, is the need for a thorough review of the federal merit system. Again, we have the worst of both worlds, an extremely complex and cumbersome personnel system which has been wracked by abuses the complex systems were designed to prevent.

It is suggested that the National Civil Service League and the National Academy of Public Administration be given support in moving ahead with this important review, with the Organization Task Force concentrating on more rapid steps the new President and agency heads can take pending the revised systems which will require time for development, review and installation.

The next President should, for example, make clear well before he takes office that his responsibility to the voters to select highly qualified men and women far outweighs political loyalties and debts. Not only is this essential from the standpoint of setting the proper tone of ethics and professionalism in the next Administration, I believe it also provides the by-product of being smart politics. The people of New England are going to be much more impressed with an Administration that puts regional administrators in Boston with the professional skills to produce visible program results, than by an Administration which staffs those regions with political proteges of important New England politicians to whom they owe their primary loyalty (rather than to the President) and who lack the capacity for assuming heavy responsibilities.

Further, it is very important that the federal field personnel be perceived by state and local officials and by citizens as administering the laws impartially rather than on a political basis. It seems to me that the denial of a grant to a qualified city because the mayor is from the opposite political party, for example, constitutes mass discrimination against all the citizens of that city who would otherwise benefit from the grant.

Since the President holds department heads responsible for the operation of those departments, the Task Force should also look at better ways to permit department heads to select their own key staff, and at the same time ensuring the support of these people for the New President's goal. This is often a battleground in which both the President and the department head lose. In this respect, the new White House staff needs to understand that Presidential loyalty is best provided by those who present their independent views within the Administration on how best to achieve Presidential goals, rather than by the yes-men who too easily populate the White House and also press for departmental appointments with an equal lack of public management integrity.

IV. Regulatory Agencies

Over the last 10-15 years there has been general agreement on the need for major change in our federal regulatory system

Much of the dissatisfaction has centered on the economic regulators of industry such as the ICC, CAB, and FTC. There is considerable evidence that the regulatory systems have been very complex and have tended to stifle innovation and modernization, despite a widespread perception that they have become captives of the industries they regulate.

Another dimension to the regulatory area is that which is consumer oriented and which cuts across industry lines. The Product Safety Commission and the numerous proposals for a new consumer agency with various advocacy and intervention roles are examples. Despite highly emotional debates, no one has looked at the way in which these interrelate or the total impact on governmental actions.

Structure needs to be examined, such as the wisdom of consolidating the regulatory bodies dealing with transportation. At the same time, the concepts, goals and processes should be reviewed. Probably a separate task force is warranted for the regulatory area.

V. Conclusion

The above list represents one viewpoint of priority items to be reviewed by the Task Force on Organization. Because of its scope, the task would be manageable only through the establishment of several subgroups. Also, its work would need to be initiated very soon in order to have an actionable program ready by inauguration day. Finally, it represents an area in which considerable groundwork would have to be laid in the initial days of the new Congress (even earlier with key members) to permit success.

I believe most strongly, however, that this effort has to be comprehensive and endowed with great vigor if the resulting governmental changes are to be great enough to be visible to the citizen.

It is suggested that the Task Force approach its work primarily from the vantage point of the impact of government on people rather than the more traditional vantage point of the government employee, although the vast experience of present and former employees will be invaluable to the Task Force in searching for ways to make government more responsive and more effective. Most important for the Task Force would be whatever guidance Mr. Carter might have the time to provide.