

DONA WOLF and DWIGHT INK

**5704 Mossrock Drive
Rockville, Maryland 20852
Phone: 301-468-9241
Fax: 301-468-3630**

FAX TO: MARY DYESS

DATE: July 24, 1997

PAGES:

SUBJECT: FUTURE OF OPM

I appreciated the chance to share some of my views on OPM and possible future courses of action, and I look forward to the opportunity for a more indepth discussion. Dona would be most pleased to participate. I thought a brief summary of my earlier comments might be useful to you prior to the longer discussion.

Origin of OPM

Some of us became quite discouraged with the old Civil Service Commission. It became tied up in so many procedures and individual personnel cases, that it no longer provided effective leadership for modernizing human resource management in the government. Personnel offices were becoming entangled in red tape and more skilled at telling managers what not to do than how to move forward. At the same time, the Commission was weak and ineffective in protecting the integrity of the merit system. During the Watergate period, it caved in to the political demands of the White House staff. Therefore, we were faced with the worst of both worlds: an organization immobilized by complicated procedures intended to protect the merit concept, yet manipulated by the White House and unable to protect merit.

As a result, I recommended, and the president and the congress approved, abolishing the Commission and replacing it with an OPM, which could concentrate on positive human resource leadership, and the Merit Systems Protection Board which could provide a safeguard to protect the merit principles in the event an OPM became too political. A number of legal tools were also added for strengthening, but under used since.

Most knowledgeable observers believe that the system worked reasonably well under Bush, performed poor to marginally under Reagan, and has largely failed under Clinton. In my opinion, the difference in performance can be explained in large part by the highly uneven quality of the OPM and MSPB leadership, as well

as that of the Special Counsel. Clearly, something must be done.

Now for the options we covered very briefly:

- A. **Continue OPM.** I argue that if the top OPM post was regarded by presidents as sufficiently important to ensure consistency in appointing people capable of providing leadership, the current system would work well. Having said this, I believe that some functions, such as responsibility for background investigations should be spun off even if OPM is retained. I would also amend the statute to emphasize the need for appointing experienced leaders in human resource management. Some other clarifying language, especially as it relates to the Senior Executive Service, would be useful. This is a viable option which would be the simplest to accomplish.
- B. **Combine OPM with GSA.** This option should be rejected. GSA does not have the clout to be influential in advancing human resource development and management among the departments and agencies. (Nevertheless, we discovered in 1973 that, weak as GSA is, there are some management leadership roles easier to accomplish in GSA than in a budget dominated OMB.) Its mission focuses on buildings, office equipment, and computers, not the development of an effective work force. I also believe we would see a gradual reversion to reliance on restrictive procedures in an unsuccessful effort to compensate for its lack of strength.
- C. **Combine OPM with OMB.** This option should also be rejected. As the president's manager of the reorganization plan which established OMB, I argued that it would result in a strengthening of the management role which had difficulty competing with the budget responsibilities of its predecessor, the Bureau of the Budget. The reverse has happened. Budget dominates the OMB even more than it did in BOB, and the OPM functions would be overwhelmed by the annual budget process if they were placed in OMB.

I have attached an article I wrote, and which was co-signed by Alan Dean and Harold Seidman, which discusses this decline in OMB capacity to help the president and agencies improve organization and management. I had an excellent vantage point to see the beginning of the decline, having been the last person to head the management part of BOB (as Director of the Office of Executive Management) and the first to head management in OMB.

- D. Merge with an OFM.** As we discussed, increasing interest has developed in establishing an Office of Federal Management in the Executive Office of the President. This office would pick up what very little is left of the function in OMB, but more importantly, it would restore key functions which the Office of Executive Management had in the former BOB. These include responsibility for drafting the president's executive orders (subject to clearance by Justice Department) and the legislative clearance of bills which deal in a substantive way with organization and management. Such functions would provide the clout needed to be effective. As you know, this change was first strongly recommended in the NAPA 1983 Revitalization report and has gradually gained a measure of support, although I had recommended an Office of Executive Management back in 1968.

Chairman Steve Horn plans to pursue this OFM concept (with perhaps a slightly different name) which would include the policy and oversight role of OPM. The OPM operational activities, such as retirement systems and investigations, would be spun off. This approach would permit a broader approach to human resource management than is likely to occur in OPM, including a closer relationship between employee training and development and program goals and objectives. For years the BOB had a very small personnel policy unit. Further, I believe presidents would regard the appointment of the leadership of an OFM as more important than the OPM, and therefore, we would be more likely to see them appoint qualified directors.

This proposal should probably also include, and strengthen, the policy role OMB now has regarding most GSA functions.

I believe this option has the most promise and is one which I believe merit your careful review. If your subcommittee and that of Steve Horn joined forces, it would improve chances of success.

If you are interested in a separate meeting to concentrate on the OFM approach, I should like to bring two colleagues, Harold Seidman and Alan Dean, each of whom have served in the Executive Office of the President. Both are recognized internationally for their expertise in organization.

I am aware of the understandable interest of House members in monetary savings that will result from reorganization. In the past, attempts to make such estimates have had almost no credibility. I do think, however, it is important to demonstrate that a proposed reorganization will not add personnel. And it may be that, working with one or two people who have detailed OPM staffing tables, one could show some very modest savings in personnel. When the BOB management role was most effective, its staffing level was very modest and this leadership concept might produce some savings once the OPM policy role enjoyed the stature that comes with being a part of the Executive Office of the President. Since the OPM policy and oversight areas have already been reduced sharply, however, one should not assume a potential for further reductions without a review.

One final word. **No reorganization will accomplish anything other than costly disruption unless the new organizations have sustained competent leadership.**

We look forward to continuing this dialogue.


Dwight Ink

Enclosure