

June 15, 1967

A FINAL REPORT OF
THE PRESIDENT'S TASK FORCE
ON GOVERNMENT ORGANIZATION

WORKING PAPER NO. 1

THE PRESIDENT AND HIS EXECUTIVE OFFICE

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

The President and Management

The President has the largest and toughest management job in the world. But unlike other executives, the President can give management less than half his time because of other equally vital duties. A permanent dilemma for Presidents is that the Presidency has too many dimensions for one man to handle alone yet also is constitutionally indivisible.

For the foreseeable future, world affairs must command a priority portion of the President's time and thought. The managerial challenge to the President, therefore, is to keep a firm hand on the domestic tiller by reserving big decisions to himself and by delegating the next level of his work to intimate staff lieutenants who command his full confidence and share his hopes and plans.

The Impact of Great Society Programs

The rich harvest of new social programs developed from 1963 to 1966 and passed by the 88th and 89th Congresses has put great strain upon obsolescent machinery and administrative practices at all levels of government. It has loaded new work on Federal departments never noted for either creativity or efficiency--Labor, HEW, Commerce, and HUD. It has required a level of skill, a sense of urgency, and a capacity for judgment never planned for or encouraged in departmental field offices. It has required planning and administrative capacity rarely seen in Statehouses, county courthouses and city halls. Deficiencies in all these areas have frustrated accomplishment of many of the high goals of the Great Society.

Legislative success has also clearly added to the administrative burdens of the Presidency. In our judgment the Great Society legislation has not merely added to the magnitude of the President's administrative job. Early operational experience with these programs suggests that they have affected the nature of his managerial tasks as well.

The goals of the new legislative programs have rendered obsolete the conventional organizational pattern where Federal bureaus operate in isolation from each other and where Federal programs are created and operated intergovernmentally without prior consultation with elected officials of State and local jurisdictions. For the President has challenged the simple faith in narrow, single-program answers conceived by, and managed from, Washington. Organizationally the goals of Great Society legislation demand collaboration and cooperation -- between Federal bureaus and departments and between governments.

Yet, despite convenor orders, coordinating charters, and other organizational innovations (e.g., OEO, Federal-State Regional Commissions), the Federal government remains largely a collection of fragmented bureau fiefdoms unable to concert talent, funds, and programs for concentrated impact in the field. We are organized not to do many things at the same time but to develop, enact, and operate Federal aid programs more or less in isolation from each other. Fragmented Federal administration of domestic social programs encourages piecemeal effort by State and local government agencies.

Presidential Tasks and Staffs

There is no authority short of the Presidency itself that can provide the focal point of executive leadership required to control and relate the new social programs. Only Presidential authority and engagement can overcome interdepartmental fragmentation and insure intergovernmental cooperation. Problems in these areas are growing in volume and significance. To handle them professionally and creatively the President needs new and improved, institution-
alized staff support.^{1/}

^{1/} Our entire analysis distinguishes between the President's personal staff--White House Counsel, Special Assistants and their aides--whose day-to-day work must necessarily be shaped by the President's personal and immediate requests and institutional staff support for Presidential level issues and problems that are continuing, regular, and ultimately routine in character.

Today there are major gaps in the President's institutional staff. The President lacks institutional staff and machinery to insure that the broad social goals of his policies are achieved through coordinated delivery of a host of Federally-inspired programs in thousands of individual communities. He needs a staff able:

- ... To anticipate, surface, assess and settle wasteful program and jurisdictional conflicts between peer Federal departments in Washington;
- ... To control and pull together the related programs of Federal departments in Washington and in the field;
- ... To mediate program problems and disputes between Federal departments in the field;
- ... To reflect the Presidential perspective in program areas requiring cooperation between Federal agencies and between the Federal, State, and local governments.

He needs such a staff -- today!

The President does not now have institutional staff of high calibre whose sole responsibility is:

- ... To plan ahead;
- ... To take the measure of complex social problems;
- ... To review the effectiveness of existing government programs;
- ... To bring promising new ideas to the President's attention;
- ... To support the President as he develops a long-term domestic strategy and a coordinated annual legislative program for domestic affairs.

He needs such a staff -- today!

Recommendations

To enable the President to strengthen his leadership and improve the management of domestic social programs, we recommend:

- (1) Establishing a new Office of Program Coordination, parallel to, but outside, the Bureau of the Budget

--- To mediate and settle interagency arguments;

--- To spur and insure cooperation between Federal agencies;

--- To provide a focal point in the President's Office for Governors, Mayors, and other key executives on domestic program issues.

- (2) Providing the Office of Program Coordination with a permanent field force

--- To reflect the President's perspective, concerns, and desires in program areas requiring cooperation between two or more Federal agencies, and State and local governments;

--- To mediate and resolve program problems or disputes between Federal agencies in the field, referring problems to Washington that will yield only to Presidential arbitration;

--- To provide the President and his Executive Office staffs with an independent flow of intelligence on program operations and problems;

--- To increase field liaison between the President and State and local political executives and key officials.

- (3) Creating a new Office of Program Development as a part of a reorganized Bureau of the Budget which would have clear responsibility to develop a domestic social program for the President.

BACKGROUND FOR AND DISCUSSION
OF RECOMMENDATIONS

PROGRAM COORDINATION: THE GREATEST URGENT NEED

The most glaring managerial problem in domestic affairs today is the deeply ingrained habit of Federal bureaus to operate autonomously, and nearly always from Washington rather than in the field. Autonomous operations make the packaging of related programs difficult--if not impossible.

Take an example involving two programs which clearly should be coordinated in any attack on employment problems in the ghetto -- the Community Action Program administered by OEO, and the Adult Basic Education Program funded by the Office of Education in HEW. Community action grants flow on an individual project basis to local CAA's; only a few CAA's have close ties to Mayors and city administrators. Adult education money moves according to formula to State education departments which parcel it out to local school boards, normally independent of City Hall and frequently isolated from the neighborhoods in greatest need. If the city happens to be Denver, Colorado, the responsible Federal officials would not only not coordinate--they probably would not even recognize each other on the street. The OEO regional office in Kansas City serves Colorado and ten other States to the east, west, and north. HEW's regional office serves Colorado and four other States. Happily, this office is in Denver; unhappily, education grant decisions are not made there but in the Office of Education in Washington.

But reality is far worse than any hypothetical example. For we have not two, but over 400, grant programs operated by a broad range of Federal agencies and channeled through a much larger array of semi-autonomous State and local government entities. To the public and to local officials, the Federal government often seems a self-defeating morass of contradictions: of field officials unable to make decisions on their own programs and ignorant of related efforts; of agencies unable to work together. Virtually no one, anywhere, can put together a comprehensive package of related programs to meet priority needs.

Evidence that Federal programs are not being coordinated is ample. Some examples:

- There are scores of separately-run, Federally-financed manpower projects in the Bedford-Stuyvesant neighborhood of New York City alone. Presumably there is some programming deficiency at the Federal level, whatever the lack of local coordination instruments.
- The recently announced 19-city slum employment program is symptomatic of the style of autonomous planning and operations which the Great Society goals render obsolete. It was developed in isolation in the Department of Labor and only tardily coordinated with complementary efforts under the neighborhood centers and model cities programs (themselves operating somewhat independently of each other).
- The turbulent history of the President's pilot multi-agency effort to build comprehensive, neighborhood service centers in fourteen cities. Although the neighborhood center program was assigned to a "lead" agency--HUD--in August 1966, and despite back-up work from the Bureau of the Budget and countless memoranda and meetings in the intervening months, Federal and local officials were still confused, or in disagreement, over what type of neighborhood center would be supported, where the funds would come from, and whether there were to be specific Federal guidelines when applications began to arrive in March 1967. And State officials, whose cooperation is vital for a whole range of health, welfare, and employment services, were just beginning to learn of the existence of a 14-city pilot program!

The Inadequacy of Existing Machinery for Coordination

In recent years many attempts have been made to improve program coordination. During the 1961-1965 period almost 20 Executive orders were issued for the coordination of Federal programs involving inter-governmental administration. Some two dozen interagency committees have been established to coordinate two or more Federal aid programs.

The two major approaches to program coordination across departmental lines have been:

- (1) fixed membership interagency committees (Urban "Cabinet" luncheons, President's Committee on Manpower, Economic Opportunity Council);
- (2) use of a "lead" agency (OEO for poverty and HUD in Cities).

Both approaches have failed.

The interagency committee, frequently without chairman, staff, or programs of its own, nearly always degenerates into a forum for trivia (Economic Opportunity Council) or a forum for unstaffed discussion without decision (Urban Cabinet). Strong leadership may simply transform an interagency committee into an adjunct of the chairman's department (PCOM) without impact on interdepartmental issues. At their very best interagency committees provide a forum for making plans or resolving disputes at the lowest common denominator of blandness. They can never approach the President's perspective.

The "lead agency" approach is a special kind of interagency committee, normally less formal and oriented to accomplishing a specific project or series of projects. We have watched HUD play the role in the Neighborhood Centers project and have examined OEO's failure to coordinate poverty programs of other agencies.

When applied to America's most pressing social problems, the "lead agency" concept has been found wanting on two main counts:

- (1) There is no obvious "lead" agency. Who is to coordinate a manpower program in an urban slum? Labor? OEO? HUD? Even HEW has claims!
- (2) It is beyond the capacity of a Federal agency operating major programs in its own right to coordinate government-wide efforts in the Presidential interest. It has narrower allegiances. Other program operators, reluctant to be "coordinated" in any case, rightly question its impartiality, and resist its leadership.

The Task Force does not entirely reject the "lead agency" concept. If they really have a clear program "lead," a legislative mandate, and are backstopped by continuing White House interest and engagement, we believe that lead agencies can frequently serve as project managers in areas where they command the predominant program

elements. Model Cities may well qualify as a successful example of leadership from a peer department. Without active Presidential support, however, the lead agency solution is far too weak to carry more than marginal burdens for management of interdepartmental programs in coming years.

Presidential Involvement

In the past, perhaps, a President could survive the costs of program fragmentation in the executive branch. The problem was more manageable, since there were far fewer grant programs. Moreover, the President had neither faced the full dimensions of domestic problems nor challenged the easy faith in simple, single-program answers.

But the President is being judged today by the total impact of his programs on thousands of diverse communities. He has staked his programs on the proposition that the Federal government can make a difference -- not just in the number of housing units, or per pupil spending on schools, or the number of new highways, but on the overall quality of human life, particularly for the poor.

The President needs far more powerful coordinating instruments than those presently available if he is to achieve the comprehensive social aims he has set. He needs permanent machinery for program coordination in his own office with power in Washington that is dependent on him and representation in the field.

AN OFFICE OF PROGRAM COORDINATION

General Description

The first order of organizational reform, therefore, is to forge much better interdepartmental and intergovernmental coordination through strong Presidential leadership. To counter the strong forces for fragmentation in Federal program operations, we recommend establishment of an Office of Program Coordination in the Executive Office of the President.

The Office should be led by a Presidential appointee of commanding rank and stature. It should have a strong headquarters staff in Washington and an effective field service stationed in each of the major regions of the Nation. The Office should have a broad mandate to take the lead in stimulating, staffing, and monitoring interagency and intergovernmental coordination across the whole range of domestic social programs.

Responsibilities

Assisted by his staff, both in Washington and the field, and working in a close, sensitive relationship to the President, the Director of the OPC would:

- Anticipate, surface, and settle jurisdictional and program arguments between Federal departments, whether originating in Washington or the field, up to and including disputes between members of the Cabinet;
- Monitor the administration of Great Society programs requiring cooperation between Federal departments;
- Provide the staff focal point in the White House, short of the President himself, for continuing consultation with Governors and Mayors on issues of domestic policy and programs;
- Carry primary staff responsibility in the Executive Office for longer-term efforts to improve inter-governmental organization relationships through grant consolidation, harmonization of financial matching arrangements, etc.;
- Spur changes in legislation and departmental administrative regulations when these impede program coordination.

While it will devote its main attention to trouble-shooting operations, an alert OPC will become a useful source of new program ideas. Its direct intelligence on program operations in the field will afford fertile information for evaluating existing programs and formulating new courses of action. OPC would work closely with the Program Development (discussed below) in the

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In addition, an Office of Program Coordination would take primary responsibility for inaugurating and leading the development of special multi-agency programs like the pilot 14-city comprehensive neighborhood service centers project. We do not believe, however, that the Office should be given permanent operating authority for any program, nor should it administer program funds of its own. Either of these would create in the new unit a loyalty to particular program operations which would conflict with its duty to reflect the Presidential perspective.

The Role, Authority, and Stature of the Director

We believe that the Director of the Office of Program Coordination should be viewed by members of the Cabinet and other political actors as having authority from the President to settle interdepartmental issues when members of the Cabinet are unable to compose a satisfactory agreement as the result of mediation. Cabinet heads would retain the right to appeal decisions by the Director to the President.

The utility to the President of the Office of Program Coordination, as well as its power, will rest on the willingness of the President to give the Director authority for resolution of interdepartmental conflict and for controlling and relating program activities across agency lines. In a manner most congenial to him, the President must inform Cabinet subordinates that he expects them to meet upon the call of the Director; that he expects major matters of interdepartmental program coordination to be settled in the forum provided by the Director; and that, when agency heads remain unable to compose agreement, he expects agreements to emerge and "to stick" along lines prescribed by the Director.

There is no substitute for delegation to the OPC Director of Presidential authority to decide issues between departments. In the Washington environment the establishment of an Office of Program Coordination with a less clear mandate guarantees quick failure and atrophy. The town is filled with the corpses of offices, committees, and special assistants who were supposed to coordinate line operators with program authority. Lacking a clear statement of Presidential support and back-up by the President in the first tough fight, they succumbed quickly, unlamented.

While we feel that the President should delegate authority to the OPC Director to decide interagency disputes, we have rejected proposals which would give the Director legal authority to overrule agency actions, both in Washington and in the field. While this would strengthen the hand of the Director of the Office of Program Coordination, it would also make him somewhat less dependent on the President. It would require far-reaching legislation which Congress is most unlikely to enact and the President unlikely to support. In our view, total dependence on the President will be a source of strength to the OPC Director, as it has been for the Director of BOB, while at the same time insuring that the new staff office develops in a fashion that is congenial to the President.

We recognize that coordination of programs that cross departmental lines and involve two or more members of the Cabinet is a sensitive role, totally dependent on Presidential confidence and support. The right appointee must be a man whom the President knows well, communicates with regularly, and trusts implicitly. He must know with confidence when to act, and when not to act, when to inform the President and when to move on his own. The President, in turn, must back him up when the inevitable challenges are made.

We have considered and rejected two arguments certain to be mustered against a proposal to create a strong Director and Office of Program Coordination:

- (1) The President cannot and should not delegate his responsibility to decide issues arising between two subordinates;
- (2) Cabinet heads will only take orders from the President.

In fact, the President delegates authority all the time to heads of departments and a variety of trusted aides. More subtly, the President unconsciously delegates his power to decide whether or not to resolve interdepartmental conflict because of the inadequacy of current organizational and staffing arrangements. These fail to surface conflict, or to expose disputes to independent analysis and possible resolution by the President or a trusted staff subordinate. We favor conscious delegation of authority -- with the safety valve of appeal -- over unconscious delegation forced by constraints of time and the lack of adequate staff.

Secondly, we believe most members of the Cabinet would adjust easily to the improved sense of Executive direction and coordination that a Presidentially-attuned, skillful Director of the Office of Program Coordination would impart to domestic affairs. In time, even the most wary will applaud this institutional innovation. Those unable to adjust presumably will not be required to remain.

Additional Leverage for the OPC:

To enhance his leverage, the Director of the Office of Program Coordination should have authority from the President to:

- Review new legislative program proposals which require, or imply the need for, interdepartmental cooperation, requiring sponsors to accompany program ideas with a tentative plan of operations;
- Approve proposed organization and management procedures for the delivery of social programs that involve two or more agencies;
- Recommend reservation of funds (acting jointly with the BOB Director) in the budgets of individual agencies participating in interdepartmental programs (Neighborhood Centers, Parent-Child Centers) approved by the President.

While the OPC would not have formal authority to veto agency legislative or program management proposals, this clearance system would provide it with an opportunity to influence agency procedures in the formative stage. Through negotiations it would try to modify provisions that would cause coordination problems in Washington or the field.

Rapid communications internally should also increase the leverage of the OPC by insuring that serious coordination problems in the field reach the Director's desk quickly without consuming time passing through several bureaucratic layers.

As a collector of field intelligence, moreover, the OPC will be in a position to make regular and effective inputs into the central process by which legislative changes are formulated. Departments and bureaus should become aware that this office has a voice at budget and Presidential program development time.

A final element in the acquisition of political strength will be the quality of OPC staff. All should be effective operators, able to dive into problems on short notice, work out solutions where possible, and get decisions from higher authority when necessary. The OPC should be able to command superior staff-men -- smarter, faster-on-their-feet, better operators than their agency counterparts. OPC professionals will need and should have the rank (GS-14 - 17) which will make others listen and the experience which will make them worth hearing.

PROGRAM COORDINATION IN THE FIELDIntergovernmental Consultation

Many of the worst coordination problems occur in the field at the point of program impact. Because the Great Society programs involve the Federal government directly at the State and local levels, program coordination not only requires getting Cabinet officers together in Washington, but also getting coordinated program execution:

- Among officials from many different agencies in the field;
- Together with their State and local counterparts;
- In 50 states, 3,000 counties, 5,000 cities, and 6,000 school districts.

Policy coordination in Washington will be relatively meaningless unless programs are operated in harmony in thousands of communities across the Nation.

When the Administration decided to launch scores of new Federal grant programs requiring collaborative interest and effort across governmental lines, the importance of incumbent Governors and big city Mayors as managerial and administrative partners of the President and his national administration was dramatically increased. We doubt that the importance of these new administrative (and political) relations has yet been fully realized or assessed.

Chief Executives of major State and local jurisdictions can no longer be viewed merely as potential supporters or critics of the national administration in future political conventions. They have been asked to join as junior partners, across political lines, in the work of national social renewal and development. Many State and local chief executives have the authority and influence to scuttle these new efforts through apathy or outright opposition. Many can also put these programs across--administratively and politically.

We do not believe that Executive Office organization has recognized the new program and administrative interdependence of chief executives at the Federal, State, and local levels. For these reasons we have

recommended that the new Office of Program Coordination serve as the staff focal point in the Executive Office short of the President himself:

- For advance consultation on new programs and policies and joint consideration of ongoing issues of intergovernmental program and organizational relationships;
- For resolving intergovernmental operational problems or conflicts, including mediation when required.

Recommendation

The Office of Program Coordination should be designed to deal sensitively as an arm of the Presidency with Governors and Mayors and other local executives, as well as with Cabinet heads and their departmental subordinates. We believe that it should operate in the field, as well as in Washington, and recommend strongly that it be equipped with a resident field force organized by region.

Each Federal region should have a Presidential representative (of top Federal and political rank and serving at the pleasure of the President), who has full responsibility for handling interdepartmental and intergovernmental problems in his area. The regional coordinator will report directly to the Director of Program Coordination in Washington. He will try to mediate and resolve problems on the spot, referring to the Director in Washington persistent matters of nationwide import and delicate political issues which require Presidential attention.

The field force will operate both in interdepartmental and intergovernmental sectors. It will function as a problem mediation service, as an intelligence agency for the President, and as a formal institution for Federal consultation with key State and local officials.

An effective field service would:

- Work with departmental representatives and with State and local officials to ensure implementation of general strategies developed in Washington;

- Act as the President's eyes and ears in the field, giving the President fresh, objective professional program information about what is going on in the country away from Washington;
- Encourage decentralization of departmental operational authority to regional units by making it practicable to mediate interagency problems in the field;
- Gather and transmit to Washington information about program successes and failures, and local needs and desires, and thereby furnish a major new input into program development;
- Serve as a much-needed channel of communication through which Governors and Mayors could make their views and interests known both on immediate problems and long-term program objectives.

Loyalties and Responsibilities

It is vital to the success of the field operation that senior regional officials act and be regarded as Presidential men. The field staff must never be permitted to develop a parochial responsiveness to local interests thereby compromising its loyalty and reducing its utility to the President.

To ensure that field men remain loyal to the President and are not gradually transformed into agents of the areas where they serve, we feel strongly that they must spend a considerable portion of their time in Washington. In some cases this might involve actually living in Washington with frequent field trips.

Whatever political and administrative procedures are necessary to maintain the Presidential character of the operation should be brought into play. But we leave such questions of detail for resolution when the OPC is established.

A SUPER-DEPARTMENT OF DOMESTIC AFFAIRS

The most attractive organizational alternative for insuring program coordination would be to bring all Great Society programs under the roof of a new super-department with a large central staff to plan a coordinated attack on priority problems, see that it is carried out, and evaluate its results. The new super-Secretary for Domestic Affairs would have field representatives reporting directly to his office, and these field men would have authority over those of the sub-departments (HUD, HEW, etc.) in making major grant decisions.

Such a super-department has several attractions. Provided its Secretary could really gain effective control, it could enforce coordination through clear lines of authority. The Secretary could act as a buffer for the President, taking responsibility for tough decisions more easily than a strong director of coordination in the Executive Office who will not have statutory authority over operating programs. And the super-department could support a strong general field staff more easily than an EOP unit.

But a super-department has one fatal drawback -- it is almost certain to be rejected by Congress. In addition, there must be serious doubt whether a President would want to give one man such broad legal authority unless it became absolutely necessary.

The Task Force, therefore, recommends that less drastic solutions should first be attempted. However, it is conceivable that a super-department will prove the only long-term means of effective domestic program coordination.

An EOP Coordinating Agency with Operating Funds of its Own

Another alternative studied carefully was the OEO model--an Executive Office coordinating agency administering "flexible" (non-earmarked) program funds which can be used to fill local needs not met by categorical grant programs.

But while OEO's achievements in program innovation have been exceptional, it has emerged not as a "coordinator" of anti-poverty efforts but rather as a competitor in the eyes of other Federal program operators.

And the President cannot afford to give strong support to the director of such an operating agency as he tries to coordinate others, since the President knows that the director's perspectives will inevitably be substantially different from his own.

Placing OPC within the Bureau of the Budget

The Task Force also considered the possibility of incorporating the OPC within the Bureau of the Budget rather than making it an independent EOP unit. The former would allow it to exploit the Bureau's established influence over line agencies and its substantial program expertise. In addition, an independent Office of Program Coordination threatens to drain BOB of some of its most effective program specialists.

But the advantages of setting up an independent office are more persuasive.² We are convinced that domestic program coordination is a large job with short-term operational as well as long-term inter-governmental systems development dimensions. We doubt that it would get the necessary emphasis if incorporated with BOB's two main functions -- program evaluation (budget) and program development.

This problem is particularly acute at the level of the Director. An OPC will have to deal frequently and directly with Cabinet members, since interdepartmental issues tend to escalate rapidly to that level. Such direct, high-level negotiations can be effectively handled only by a man with at least the rank of the Budget Director or a White House Special Assistant. But the Budget Director could give only a small portion of his time to urgent, top-level coordination efforts without short-changing his other responsibilities. At the same time the Budget Director cannot delegate his status and authority to a subordinate responsible for program coordination.

The responsibility for providing staff support to the President in dealings with Governors and Mayors is still another major reason for our recommendation that a separate agency be established. BOB's style of operation is consciously "non-political" and its expertise is heavily oriented to issues in Washington. We believe BOB would not find it congenial or natural to be consulting, negotiating, and occasionally bargaining -- often on explicitly political terms -- with elected State and local officials.

2/ As indicated in the final report, the Task Force divided on this point, with a majority of members favoring the creation of a new independent EOP institution, on the basis of the arguments outlined on this page. In a minority dissent, three members urged creation of the new office within BOB.

An independent OPC must, of course, have close working relations with BOB. It will often team with BOB professionals on individual problems particularly when in-depth program knowledge is required. It should not, and need not, duplicate the individual program expertise of BOB personnel. Given the recent excellent record of cooperation within the Executive Office, it does not seem an unreasonable expectation that the two units will work together in the many areas where resource allocation issues and coordination problems intersect.

Establishing an OPC without a Field Service

A fourth alternative would be to create a Washington-based OPC without any permanent outreach to the field. Modern communications make it possible to administer local regions from area desks in Washington.

Washington OPC representatives could perform a "paratroop" function, rushing into communities to handle sudden flare-ups and quash pending crises.

This arrangement has several clear virtues. It would be easier to obtain congressional support for a Washington operation than for a headquarters-plus-field network. (Witness BOB's difficulties in getting money for a field service.) A Washington OPC would stamp the organization as Presidential in character, and avoid the danger of becoming a service organization for Governors and Mayors.

On the other hand, in terms of the delivery of Federal programs -- whether viewed from the Presidency or from the perspectives of Mayors and Governors -- most coordination problems have intergovernmental dimensions. This is why the President has designated Vice-President Humphrey to work with Mayors and Governor Bryant to serve as his liaison with Governors.

As indicated earlier, we believe that there is an intimate connection between coordination of policy in Washington and of operations in the field and a new program and administrative interdependence between chief executives. Programs that are pulled apart at the point of delivery have not been carefully pasted together at the point of design. Intergovernmental hassles hundreds of miles from Washington complicate interdepartmental disputes in the Nation's Capital.

Only a formidable field force of Presidential representatives tied into, and reflective of, the Presidential perspective will overcome the serious gap that has opened between planning in Washington and making the programs work back home. Our examination of existing ad-hoc arrangements makes us doubt seriously that they are up to the new requirements for intergovernmental cooperation. They do not provide regular channels for the communication of ideas and needs. They do not furnish sustained opportunity for important State and local executives to speak and to be heard.

Although they usually have been good, strong people, ad-hoc trouble-shooters have not often been effective. Their very designation as trouble-shooters betrays one of their limitations. They are sent because a problem or conflict has become so serious that it has forced its way through political and governmental bureaucracies to Presidential attention. At that point it often is quite difficult to obtain a solution and certainly impossible to eliminate the damage that has been done.

Without a field component the OPC would be almost exclusively an agency for interdepartmental affairs. It could not play a regular intergovernmental role. The present organizational vacuum between key chief executives responsible for intergovernmental programs has led us to recommend the stationing of an OPC force in the field.

THE PRESIDENT AND PROGRAM LEADERSHIP

The President's domestic program is an agenda of the Nation's unfinished business. Annual Administration requests from the Congress should be consistent with an evolving strategy and set of priorities. New program proposals should be weighed against evaluation of earlier effort. Promising programs should claim more of available resources. Ineffective efforts should be cut back, eliminated, or replaced.

Just as the President must coordinate programs that are going on today, he needs staff to look ahead -- to ask broad and penetrating questions beyond the concern or purview of line agencies, to spot neglected or emerging problems and to plan and develop social programs which resolve these questions and meet these problems. For the programs available at any given time, however well mobilized and coordinated after enactment, are never adequate to meet all major problems. And without continuing review, they are likely to grow progressively less adequate as time goes by.

To develop programs more in line with emerging national needs the President requires the best thought available for:

- Problem definition - assessing the nature of the problems we face as a Nation;
- Program design - suggesting the types and combinations of Federal programs which will attack them most effectively; and
- Program evaluation - measuring the impact and the inadequacies of present government efforts.

He needs smart men to design his programs just as much as he needs strong men to implement them. He needs brain-power loyal to him, and in touch with his broad perspective.

The Present System

The President does not have enough brainpower devoted to these purposes in his Executive Office today. He has able personal aides who draw together his legislative program, often working closely with the the Budget Bureau Director. He has BOB's Office of Legislative Reference to clear program proposals and agency views on legislation at the final stage. While the President today is served by exceptionally gifted men, their jobs do not allow them time to plan for the long run, to engage in systematic program analysis, and to weigh new program ideas and program priorities.

Thus the President must rely for new program development on a variety of uncertain sources -- bureaus within departments, task forces, the Budget Bureau and White House staff, and the Congress. What is worse, their work, and review of it by overworked Presidential staff, is normally compressed into a hectic two-or-three month period at the end of the calendar year. The natural tendency is to act on ideas which have the greatest superficial appeal and which best suit the politics of the moment.

Deficiencies of the Present System

In many ways, the end product of this disorderly program development process has been impressive. Many Great Society programs were inherited from the past, but a number of others--the war on poverty, education aid specifically for disadvantaged children, model cities, the teacher corps--are fresh ideas. Moreover, the well has not yet run dry. Significant new proposals are still being shaped and debated within the executive branch.

Yet present procedures for program development have at least five substantial deficiencies:

✓ They rely too much on chance. Task forces tend increasingly to plow over the same ground. Agency efforts to solicit new ideas in-house result in "laundry lists" much like last year's. A more systematic process, not eliminating these new program sources but supplementing and rationalizing them with a central program development staff, would be far more reliable.

✓ They tend to produce specialized programs, and to neglect the vital job of creating coherent overall Federal program strategy. The results of this deficiency are particularly damaging to the President. He is held responsible for an excessive number of categorical grant programs, many of them funded not only at a fraction of local needs, but also at a level substantially below the "promises" contained in authorizing legislation. Many overlap very badly; for example, the fifteen manpower development programs. Local applicants face a maze of narrow-gauged, often inconsistent planning requirements, matching formulae, and program delivery systems. These requirements make little sense in terms of overall Federal objectives and serve only to create local resentments and, in some cases, protect the privileges of entrenched clientele groups.

✓ They tend to neglect emerging or complex problems for which no agency has particular responsibility. For example, in the early 1960's a program development staff might well have been analyzing the continually rising crime rate and shaping major proposals to meet it years before the crime control program was ready in January.

✓ They are only loosely tied to systematic analysis of social problems and present programs. For example, a variety of efforts to promote Negro rights and opportunities proceed in the absence of solid information about which approaches have the greatest impact. Voting rights protection? Education? Job training? Job creation? Stronger sanctions against discrimination in employment or housing? Other avenues of attack?

They provide no regular mechanism for deciding between expansion or modification of existing programs and creation of new ones. The legislative development and budgetary processes are not sufficiently integrated to insure an effective long-run program strategy.

Some of these inconsistencies are the product of a Congress at least as fragmented in its power structure as the executive branch. Others are the inevitable result of rapid progress on a number of fronts and of recent defense expenditures well above what earlier could have been forecast.

But often the executive branch is at odds with itself. We fight job and housing discrimination--and place a major new Federal installation in an all-white suburb. We seek to revitalize central cities--yet subsidize migration away from them by new highways and FHA loans.

The Presidential Perspective in Program Planning

Even if the deficiencies of present procedures were less pronounced, we believe the President should have a permanent, institutional staff capability for program planning.

He needs such a capability for reasons common to effective performance by an executive in any large organization. Having delegated responsibility, the President must himself command the means to check on the performance of the delegated tasks, and to support him as he exercises the larger perspective that line subordinates cannot share.

Both functions are important. The need to review critically analytic work done below is not based on the presumption of incompetence or dishonesty but on the far subtler and more pervasive phenomena pressing on all organizations to survive and grow and to frame their reports to superiors accordingly. Looking critically at the effect and value of its own efforts is difficult enough for any organization. It is hardest in government, where market tests of performance do not exist. It is essential, therefore, that the President have an independent check on program analysis done in the departments.

But perhaps more important than the need for objectivity is the need to impose a Presidential perspective. The purpose of a program will necessarily be seen more narrowly in a department than at the Presidential level -- and more narrowly still in a bureau, trained in one specialty, oriented toward one function, loyal to one interest group, attentive to one congressional subcommittee. Even if the departments were reorganized and enlarged, it is unlikely that any one of them could make the overall assessment of unemployment, or of civil rights, that the interests of a President require. Problems as broad as those the Great Society seeks to attack are inherently Presidential in scope.

The President must, therefore, be supported in the analysis of those problems and in the design of programs to attack them by a staff which shares his perspective and serves his needs. The existence of such a staff, moreover, is not at all inconsistent with the desire to stimulate more analysis at the departmental level and to improve its quality. The development of strong analytic staffs in the Office of the Secretary of Defense has produced, in reaction, a far stronger analytic capability in the military services than they had previously possessed, and it has made substantially more rational the processes by which intra-service disputes are resolved.

A Reorganized Budget Bureau

To staff the President in the development of his annual program and general domestic strategy, we recommend that substantial reorganization of the Bureau of the Budget be undertaken with a view to widening its responsibilities and revising its priorities. Reorganization should speed up sharply the Bureau's transition from intelligent reaction to departmental demands to active, independent leadership in program development that supports and is responsive to the President and his perspective.

An Office of Program Development

✓ We recommend creation of an Office of Program Development located within the Bureau of the Budget and headed by a President appointee who would serve as the focal point for the development of new program proposals. The new Office should be professionally staffed. Some members would be analysts with a wide range of specialties. Others should boast substantial political and administrative experience. The new staff would:

- Analyze complex or emerging social problems;
- Stimulate better analysis and program development in the executive departments;
- Keep in close touch with the Nation's best research efforts -- outside as well as inside the government -- relevant to social problems and policy;
- Stimulate establishment of, and frequently staff, Presidential commissions and task forces;
- Design, review, and propose modifications in government programs aimed at domestic problems;
- Relate individual programs to a general Administration strategy and evolving priorities.

An Office of Program Development Within the Budget Bureau

Unlike the program coordination unit, the Task Force recommends that the Office of Program Development be established within the Bureau of the Budget.

Program planning operations run a serious risk of irrelevance. They may be bypassed when programs are actually developed for submission to Congress, because they do not stand at a crucial point in the decision-making process, or because their work becomes an ivory-tower operation remote from the President's needs.

Locating the Program Development Office within the Budget Bureau should help avert both of these dangers, particularly if the existing legislative clearance functions of the Office of Legislative Reference are consolidated with the long-range problem analysis and program planning functions.

Establishing the Office of Program Development in the Bureau would also avoid a dangerous split between the two major Presidential processes for developing a coherent general Administration program -- the annual budget and the overall legislative program.

The prime danger of placing a long-term program planning staff within BOB would be the temptation to divert staff members from their long-run responsibilities and use them as a trouble-shooting reserve to meet immediate crises that other BOB professionals are too busy to handle. Extreme care must be taken to insulate them from such pressure. While it might solve problems in the short run, it would end by destroying the very reason for establishing a program development staff in the first place--the need to have brain-power not dominated by demands of the moment but with the freedom and the mandate to think and plan ahead.

Strengthening BOB Program Evaluation

The new Office of Program Development should work closely with strengthened efforts in program evaluation by BOB divisions. The government-wide Program Planning Budgeting System (PPBS), begun 22 months ago and monitored by BOB and its Program Evaluation Staff, has already stimulated some systematic analysis of the impact of government programs, both in BOB and in the domestic agencies.

The immediate influence of PPBS on the domestic budget has been slight, however, and its effect on new program design close to zero. Results are likely to improve with time, but every effort should be made to strengthen program evaluation capabilities of BOB divisions and examiners and to insure that such evaluation pays off in better budgetary allocation and more effective new programs.

Making Program Development Effective

The Office of Program Coordination described earlier would depend for its effectiveness on its ability to influence the behavior of line agencies in the implementation of Federal programs. By contrast, the Office of Program Development would primarily need to influence the President, his personal staff, and the institutional Executive Office. For its primary objective would be to affect decision-making at the top -- to bring greater rationality and overall coherence to the establishment of general policies, priorities, and legislative and program proposals.

It would gain this influence partly through the quality of its work, partly from the relevance of its proposals to the President's present needs. For the former it would especially require good access to data and the freedom to do its work. For the latter it would need the close connection with the decision-making process. It would not need the same type of day-to-day Presidential support as a program coordination unit. But it could not long maintain its effectiveness unless the President insisted that its work be one of the major inputs in the ultimately political process of developing the Administration program.

Members of the White House staff, inevitably in closer personal touch with the President, will continue to shape and determine the final content of the President's program and specific pieces of legislation in accordance with the President's personal preferences and priorities and his analysis of the political environment. The Program Development staff in BOB must not displace the White House role. Rather it should be designed to provide year-round professional support to the President's personal staff in the vital task of constructing a domestic legislative program.

Linkage Between Program Coordination and Program Development

The two new offices would be relatively separate in their day-to-day operations, one concentrating on immediate program coordination problems, the other on long-range plans to increase the impact and overall coherence of Great Society efforts. Their major operational link would be in working to solve coordination problems through changes in basic legislation.

Yet each would be part of a larger effort -- to give the President the tools with which to establish and enforce government-wide, coordinated national policies to meet multi-faceted social problems which will not respond to a series of programs applied in isolation of each other. Neither new office taken alone would bring as much unity to Federal programs as the Task Force believes desirable -- nor would both taken together. They should be seen not as final answers but as steps to strengthen Presidential managerial authority and leadership where it now is most needed.

ADMINISTRATIVELY CONFIDENTIAL

June 15, 1967

A FINAL REPORT OF
THE PRESIDENT'S TASK FORCE
ON GOVERNMENT ORGANIZATION

WORKING PAPER NO. 2

DOMESTIC DEPARTMENTAL MANAGEMENT: SOME BASIC STEPS

Introduction

Previous task forces and commissions investigating the organization of the executive branch have focused primarily on achieving the best distribution and grouping of line functions. They have sought to regroup existing bureaus and agencies into executive departments designed to achieve major government objectives. Many of their proposals have been realized, from establishment of HEW in 1953 to the new departments of the 1960's--HUD and Transportation.

This emphasis on realigning functions has obscured what, in our judgment, has become the most urgent organizational need in Federal executive departments today--the recruitment, development and effective use of staff resources as planning and supervisory tools to make each existing Cabinet member the master of his own house.

The Defense Department of the 1960's has demonstrated that no Federal operation is too large to be managed effectively from the top in the interest of the nation as a whole. As we pursued our investigation of the domestic departments, we came to believe that too few of the managerial principles employed in the Pentagon have been applied to domestic departmental management in a thorough and systematic way. Therefore, we have chosen to focus not primarily on functional program transfers and alignments--though we have recommended some--but rather on ways to improve domestic program management.

SUMMARY OF RECOMMENDATIONS.

We recommend that the President:

- A. Require Cabinet Secretaries to expand, develop, and utilize high-calibre Secretarial staff resources for the tasks of program planning, review, budgeting, and coordination in their departments.
- B. Continue efforts to reduce--through merger and realignment--the number of departments substantially in the grip of parochial interests (Labor, Commerce, Interior and Agriculture), and to resist proposals to create additional departments likely to be dominated by narrow, specialized interests or professional clienteles (Health or Education).
- C. Move toward regional decentralization of operational authority in domestic departments by:
 - (1) Directing Cabinet Secretaries to unify operations in the field under departmental regional executives of higher rank and calibre who owe clear allegiance to department heads and the President.
 - (2) Directing Cabinet Secretaries to decentralize maximum authority for departmental program operations and specific grant decisions to strengthened regional executives.
 - (3) Directing the Secretaries of HEW, HUD, Labor and the Director of OEO to agree on a plan and begin as quickly as possible to co-locate field offices in common regional cities serving common geographical areas. (We have attached one example of a reasonable plan to accomplish this urgently needed consolidation of Federal departmental regions and headquarters).

While we have reached these conclusions primarily through examination of HEW, initiated at the President's request, we are convinced that these organizational principles can be applied with profit to almost all major domestic departments and agencies.

DISCUSSION OF RECOMMENDATIONSA. Strengthening the Domestic Cabinet Members

Just as the President needs a strong staff to enable him to control and relate the activities of Federal departments, to offset narrow interests, and to chart the country's future course, so too must Cabinet Secretaries have and use staff resources to control similar problems in their spheres of responsibility.

We unanimously believe that organizational strength must be built from the top down. We also believe in building multiple centers of general intellectual and managerial strength. We unequivocally reject the assertion that Presidential strength implies departmental weakness, or vice versa.

For the fundamental conflict in government today is not between the President and Cabinet Secretaries. It is rather between special and general interests, between those narrowly devoted to specific functional programs, supported by particular interests and professional clienteles, and those who seek to manage and coordinate a range of particular programs to achieve more general policy objectives.

In this clash the President and strong Cabinet members are allies--not adversaries. Indeed, it is the weak Cabinet positions which are a threat to the President, since their occupants are too dependent upon parochial bureaus in their own departments to serve as true representatives of the Presidential interest--however individually loyal they may want to be.

Careful review of existing program activities and systematic advance planning, integrated with budget decisions, provide executives with levers to shape the future. Cross-cutting capacity to integrate and coordinate a range of programs enables executives to make the most of their present resources and program authorities. The executive, whether he be President or Cabinet Secretary, must control these critical processes of planning, coordinating, evaluating, and budgeting to translate his goals into programs with desired impact on people and institutions. Executives control these processes through strong, responsive staff subordinates. There is no other way.

For all these reasons, we support a major increase in numbers and grades of staff for the offices of domestic Cabinet Secretaries to provide them with the brainpower and independence required to run their departments from a Presidential point of view.

B. Submerge Special Interests in Multiple-Interest Departments

There is enormous pressure to represent narrow, parochial interests in the Cabinet, in the President's personal staff, and in the Executive Office. The President should resist this pressure and refuse to create additional executive departments which will be dominated by a single economic interest or tightly organized professional group, such as Health or Education.

Department heads should be President's men. They should be selected, to be sure, for sensitivity to the issues in broad functional areas and for sensitivity to the status and power of interests, but not as mere mouthpieces for their clients. Important national interest groups can make their views directly known to the President without an errand boy in the President's Cabinet.

The President should be publicly shielded from his necessary and inevitable decisions to favor Business over Labor or Education over Health, or vice-versa. For these reasons, we favor multiple-interest departments like HEW and endorse enthusiastically proposals to merge Labor and Commerce and Agriculture and Interior. In a multiple-interest department, it will be the Secretary and not the President who confronts powerful lobbies and occasionally rules, either on his own or fronting for the President, against their interests. He will divert the heat and the arrows. If some arrows occasionally strike home, assuredly a member of the Cabinet is more dispensable than the President.

Moreover, to reflect parochial domestic interests in Federal organization in Washington will guarantee their replication in government organization at the State and local levels. At a time when great effort should be applied to treat social problems comprehensively through carefully related multi-functional programs, further proliferation of agencies or departments rooted in special interests is especially undesirable. We recommend a long-term plan for consolidation of "so-called" special interest departments and continued resistance to the creation of additional agencies of this character.

C. Operational Decentralization in Strong Regional Offices

The expansion of Federal social program activities has exposed a pervasive organizational weakness in the field services of Federal departmental bureaucracies.

Field operators have been looked upon historically as second-class citizens in the civil service, low in rank, and incapable of exercising professional and political judgment or wielding real decision-making power. Despite the present urgent need for decentralization of operational decisions brought on by the recent multiplication of departmental responsibilities, Washington officials continue to resist delegation of real authority to their regional and local representatives.

This Task Force is convinced that greater decentralization of authority to the field for operational program decisions is essential, subject to specific policy guidelines and continuing evaluation of field performance in Washington. The expanding numbers of applications for more programs in each department would, by itself, dictate decentralization of operations.

The increasing need to relate programs administered by several different Federal departments in the field also requires that regional executives have the capacity to direct departmental operations and discretionary authority to operate in a manner designed to promote efficient use of Federal resources through improved inter-departmental coordination.

Finally, since so many of the new programs are intergovernmental in character, decentralization is needed to enable State and local officials to deal with responsible Federal officials in the field. Regional executives must be able to make decisions and make them stick if "creative federalism" is ever to strike an effective balance between overall Federal objectives and special local needs.

We believe that decentralization will not work, and therefore would be unwise, unless there is commitment "from the top" in Washington to decentralization and coherent plans to build professional capability in the field to assume responsibility for operational decisions. Regional offices can no longer be viewed as a haven for pure political patronage owed to and owned by Members of Congress and State party chairmen, or as a reward for senior members of the career civil service.

To insure commitment and capability, the Task Force recommends that the President initiate plans to upgrade departmental regional executives to Level 5 of the Executive Pay Scale, a level commensurate with their added program and political responsibility, coupled with a similar strengthening of the size and calibre of their staffs. In addition, these regional administrators must have line authority over ALL departmental components within their regions rather than permit Washington bureaus to command regional counterparts directly. If the regional director does not enjoy this "line" authority, he cannot coordinate the department's own programs and, certainly, he cannot coordinate his programs with those of peer departments. If he cannot do this, he will not enjoy the confidence of State and local officials.

The line authority of the regional administrators must extend upward to the Secretary directly, or to the Secretary through the Undersecretary or a staff Assistant Secretary for Program Coordination in the field. Washington bureaus should transmit their policies and administrative directives through the Secretary's office rather than instruct the regional bureaus or the regional Administrator direct. This procedure will facilitate intradepartmental program coordination in the field and will strengthen the Secretary at the same time.

The Secretary must ultimately take responsibility for what his department does, and, since the regional offices as program operators are the departmental "doers," the line of authority and responsibility between them and the Secretary must be as short and direct as possible.

Harmonization of Federal Regions

We recommend harmonization of regional boundaries and co-location of central offices of at least four major domestic departments and agencies -- HEW, HUD, Labor, and OEO.

Even minimal interagency coordination cannot occur when Federal field officials are located hundreds of miles apart and serve widely divergent regional areas. In Denver, for example, coordination of Federal efforts would require cooperation among the HEW regional office in Denver, the HUD headquarters in Fort Worth, and OEO and Labor regional centers in Kansas City, Missouri.

We, therefore, urge that the President immediately call on the Director of CEO, and the Secretaries of Labor, HEW, and HUD, to present to him a plan for regional harmonization within ninety days with the proviso that, if they fail to agree, he will direct them to adopt a particular plan. We further suggest, as a possible basis for agreement, a modification of the present HEW regional structure, since it would require the least change in present arrangements. (A diagram of such a regional consolidation is appended to this report).

APPENDIX

CONSOLIDATED FEDERAL REGIONS

The Task Force is acutely aware of the difficult political pressures, particularly from Congress, that run contrary to shifting any Federal offices from existing locations.

Nevertheless, the haphazard location of regional boundaries and offices encourages program fragmentation and prevents communication and cooperation between Federal departments and between Federal, State, and local governments. We believe the time has come for the harmonization of the regional boundaries and the co-location of the headquarters offices of the four major domestic departments and agencies--HEW, HUD, Labor, and OEO.

In our examination of the problem, we have found that external criteria which might be used to devise Federal regions--i.e., population, land area, economic regions--are mutually exclusive and would require bisection of states if slavishly followed.

We, therefore, have decided to suggest an approach that does least violence to existing structure. Because of its large field force and the rational arrangement of its current regions, our proposal uses the basic HEW structure but divides HEW's large Western area into two regions, with California, Nevada, Arizona and Hawaii in one; and Oregon, Washington and Alaska in the other. In addition, our proposal modifies the HEW scheme by relocating the headquarters office in the third (Mid-Atlantic) region from Charlottesville, Virginia, to Washington, D. C. This puts the headquarters office of each region in a major city and assures adequate transportation and other desirable facilities.

The attached chart illustrates our proposal.

If the existing regions of HEW, HUD, Labor, and OEO are superimposed, a surprising number of consistent patterns emerge. Comparisons with our proposal are as follows:

HEW would be unaffected except as described above.

Some of Labor's manpower functions are administered through seven regions, while others are carried out through eleven. The four extra regions are obtained by dividing four of the seven regions. When Labor's eleven regions are compared with our ten-region proposal, six Labor regions are exactly comparable. The differences are minor. Only four states are affected. Labor includes Minnesota and Kentucky in the Great Lakes area instead of putting Minnesota with the Great Plains States and Kentucky with the Mid-Atlantic

States. In the Northeast quadrant Labor places Pennsylvania and Delaware with the Mid-Atlantic States, while our proposal would combine them with New York and New Jersey.

OEO's regions also show many similarities with our proposal. The Southwestern and Southeastern Regions are identical. The OEO Western Region encompasses the Pacific and Northwestern regions of the proposal and could easily be divided to correspond. The OEO North Central Region combines our Great Plains and Rocky Mountain Regions, with the exception of Minnesota. As in Labor, Minnesota is combined with the Great Lakes States rather than with the Great Plains States as we propose. OEO has no Northeastern Region. New York and New Jersey are combined with New England; and Pennsylvania and Delaware are combined with the Mid-Atlantic States.

HUD's regional boundaries are totally unlike those of its sister domestic agencies as well as those of the proposal. There are only seven HUD regions, but even here five of HUD's seven regional cities are identical with the regional headquarters cities of our proposal.

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A FINAL REPORT OF
THE PRESIDENT'S TASK FORCE
ON GOVERNMENT ORGANIZATION

WORKING PAPER NO. 3

HEALTH, EDUCATION AND WELFARE:
THE DEPARTMENT OF THE GREAT SOCIETY

We have studied the organization and management of the Department of Health, Education and Welfare in some detail. Many of our general recommendations for improved departmental management--outlined in Working Paper No. 2--are rooted in our perceptions and conclusions about HEW and apply with special force to that department. In addition, we have reached more detailed conclusions and recommendations for HEW. These are outlined below.

Our focus on HEW is not capricious. After 14 years as an executive department, the agency itself has advanced some dramatic and precedent-setting ideas for organizational change. These have arrived at a time when HEW's program responsibilities have increased dramatically and promise to continue to expand. The Department stands astride the Great Society program, administering almost two-thirds of all Federal grants to State and local governments outside the transportation area. We believe its potential for favorable impact on the Nation's social problems exceeds that of any other Federal agency.

Despite its central importance to the Administration and American society, however, few observers view HEW as the prime source of social advance. It is more frequently characterized for its leadership in "red tape," "duplication," "overlap," "steeped traditions," "entrenched bureaucracies," "inefficiency," "stagnation," and "waste."

We do not subscribe completely to this indictment, for it ignores some recent organizational improvements and current intellectual leadership rarely commanded by government. Nevertheless, in our judgment, HEW remains a department plagued by three fundamental organizational maladies:

- (1) It is a holding company for self-contained operating units with long traditions of autonomy and close ties to outside interest groups and congressional subcommittees.
- (2) It suffers from a passive, indirect style of administration.
- (3) Its organizational and programmatic fragmentation has been compounded by a congressional policy of weakness in the Office of the Secretary.

A. A Holding Company for Autonomous Operating Units

Nearly all of HEW's major subdivisions and many of their sub-units boast long traditions of independent operation. The organizational structure of the National Institute of Mental Health insures heavy influence by mental health philanthropists and lobbyists. The National Institutes of Health have relied on close relations with Congress to seek appropriations well above Administration requests for years. This pattern of bureau autonomy results in massive problems of internal coordination.

As an example, there are four separate Administrations--Vocational Rehabilitation, Welfare, Social Security, and the Public Health Service--now sponsoring programs that both provide and create demand for health services (not to ignore the complicating fact that OE funds can be used to improve school health services in poverty areas). The same pattern of jurisdictional overlap is present in aid to universities and social services.

B. A Passive, Indirect Style of Administration

Although some HEW programs serve individuals and institutions (universities, hospitals) directly, most are administered by functional "single state agencies" (Health, Education and Welfare Departments). The Department's potential impact on the cities-poverty-Negro problem is dissipated through its indirect funding channels. HEW's State client agencies rarely deal with one another, and the Department thus finds it difficult to execute comprehensive, multi-faceted program strategies such as Neighborhood Centers or Model Cities despite good intentions in Washington.

In addition, its strong direct support of Departments of Health, Education and Welfare at the State level (which frequently are semi-autonomous) does not assist interested Governors or Mayors to mobilize and coordinate HEW programs in the interest of the constituencies they serve.

C. A Congressional Legacy of Weakness in the Secretary's Office

Denied funds by the Congress and therefore operating with only a skeleton staff, with statutory and program authority for health and education vested in the heads of operating units, the Secretary of HEW has historically had few weapons to control entrenched administrations and bureaus. With weakness at the top and political and administrative strength in its component units, HEW has historically been unmanaged as well as "unmanageable."

Despite these long-standing handicaps, recent developments lead us to believe that the Secretary can manage his Department in fact as well as in name.

He has finally won formal authority over most major HEW programs (except Education) from Congress. He has been given three staff Assistant Secretaries--for Health and Scientific Affairs, Education, and Individual and Family Services--to work for program coordination across agency lines within his own Department and with other departments as well. He has a new Assistant Secretary for program planning and evaluation, capable of providing an independent assessment of the actual impact of existing programs and a menu of alternatives.

We are convinced that several additional managerial changes should be made to enable the Secretary of Health, Education, and Welfare to manage his sprawling department. To advance toward this objective, we recommend the following major steps which are discussed in greater detail below.

SUMMARY OF RECOMMENDATIONS

A. A dramatic strengthening of the Office of the Secretary, including--

- (1) The upgrading of the Under Secretary to a new position of Deputy Secretary;
- (2) Strengthened staff for program planning and evaluation tied in far more closely to major budget and legislative decisions;
- (3) Creation of a new staff Office of Social Research to increase the flow of new ideas to deal with old and unyielding social problems;
- (4) Improvement of budget, legislative planning, and administrative procedures to place managerial initiative clearly with the Secretary;
- (5) Creation of a staff Assistant Secretary for Program Coordination, Regional Administration, and Intergovernmental Relations to assist the Secretary in his relations with regional administrators.

B. A thorough reorganization and upgrading of HEW regional organizations, highlighted by--

- (1) Upgrading the Regional Administrators to major departmental executives reporting to the Secretary through the Assistant Secretary for Regional Administration (see A (5) above), possessing line authority for all departmental program operations within the region, and ranked at Level 5 of the Executive Pay Scale;

- (2) Full decentralization of authority to regional executives to review and approve State plans and to review and approve applications for grants;
 - (3) Strengthened staff support for regional administrators so that they can manage regional departmental operations in fact as well as in name.
- C. After substantial progress on A and B above, transform HEW operating bureaus into substantive staff offices to the Secretary, regrouping and upgrading them into three or four broad clusters of related staff activities, such as--
- Health and Welfare
 - Social Insurance and Income Maintenance
 - Education and Manpower
- D. Finally, after reforms A and B are substantially achieved and reform C is in progress, transfer or, in the case of OEO, delegate to HEW the programs discussed in the confidential Appendix to this working paper.

We have developed these recommendations in greater detail below.

A. STRENGTHEN SECRETARIAL AUTHORITY AND INFLUENCE

General Rationale

It is our unanimous conviction that the strengthening of the Office of the Secretary is the most urgent organizational need in HEW. In contrast to the thinking which appears to prevail in the Department, we believe this need far exceeds that of combining and upgrading operating units. The Secretary of HEW must have control--of programs, of budgets, and of organizations--before he delegates authority to line subordinates with independent sources of power and influence.

If the Secretary is to make HEW a dynamic, cohesive, and progressive organization, his office must be strengthened in size and in quality. While the Washington headquarters of the Social Security Administration alone has 312 professionals, the Secretary of HEW has only 160 analytic, program-oriented professionals at his disposal. This figure is comparable to other departmental staffs such as Treasury (185) and Interior (116). Its inadequacy becomes evident when contrasted with the 1203 professionals who serve the Secretary of Defense.

The Secretary must be able to impose his special perspective on subordinates, command their loyalty to Presidential purposes, and surmount the frequently parochial claims and interests of HEW operating units. With a strengthened staff, skilled in modern analytic and managerial techniques and infused with a sense of urgency about delivering services to people, he will be in a position to challenge and, when necessary, dramatically change "business as usual" routines. Backed by staff, the Secretary will have an indispensable independent base for his own judgment and decision.

Upgrade Under Secretary to Deputy Secretary.

No Secretary--not even a super-Secretary--can run HEW alone. He needs a deputy who assumes his burdens fully when necessary and who has the stature to relieve him of many day-to-day operational details. Current top management in HEW operates as a team. We recommend that this relationship be institutionalized through upgrading the Under Secretary position to Level 2 of the Executive Pay Scale and its redesignation as Deputy Secretary. Ultimately this move will also provide greater flexibility for upgrading other top-level staff.

Strengthen Staff for Program Planning and Evaluation

With establishment of an effective program planning and evaluation staff, under the Assistant Secretary for Program Coordination, a promising start has already been made. This group, now numbering 21 professionals, should be doubled or tripled as quickly as possible.

This staff should be primarily responsible for two functions. It should engage in systematic program review, assessing the actual effects of programs after they are in operation, and feeding back the results into program change and budgetary decisions. It should also identify the approaches most likely to reduce pressing social problems, and assist in designing legislative programs which could bring them into effect.

The need for such a staff is self-evident. The Secretary must have his own independent capacity to develop meaningful assessments of the impact of operating programs--and to propose innovations, expansions and, where necessary, cutbacks. If the Secretary lacks staff for program review, he will be totally dependent on program operators for review and assessment of their own programs.

The strengthened program planning and evaluation staff should expand its use of the latest methods of cost-benefit and systems

analysis adapting them to HEW's particular needs. It should seek to develop useful measures for "good health," "education," "subsistence" income, and other program goals, as a basis for conclusions about progress toward these goals.

In certain areas the program evaluation and planning staff should work closely with the proposed Office of Social Research described below. The responsibilities of program planners and evaluators would be somewhat more short-term, but the two offices would cooperate in the area of problem definition -- assessing the nature and extent of social problems which HEW programs are generally intended to meet -- and in investigating far-reaching social proposals which have already excited substantial popular interest (e.g., family allowances, negative income tax, use of sub-professional personnel in medicine and education, family planning, etc.)

Add Secretarial Staff Capacity for Social Research

HEW should be searching constantly for new ideas and insights into complex social problems. To coordinate and supplement research activity carried out in its administrations, we recommend the establishment of an Office of Social Research in the Office of the Secretary, headed by an Assistant Secretary, which would be comparable in purpose to ARPA in Defense and the program innovation activities of OEO.

The Office of Social Research should be cognizant of the scope, content, and results of research activities elsewhere in the Department and provide advice to the Secretary on the research dimensions of the Department's responsibilities. It should have an advisor's voice in discussions concerning resource allocation between competing research needs.

In addition, the Office should have funds of its own for support of basic and applied social research within the department and in such non-governmental locales as Brookings, Rand, and university institutes for research on public policy. The Office might well become the logical site for the most innovative program staffs in OEO when and if it is deemed desirable to bring the remainder of OEO into the department.

While it should undoubtedly start small, a professional staff of 15 administrative and 20-30 research associates, working in government or on contract, should be an early target.

Give the Secretary Management Initiative in Budgeting and Legislative Planning

We believe that authority for departmental management derives from a Secretary's possession of superior information, superior evaluative analysis, superior new ideas, and total control of the budget process. With these convictions, we view with alarm proposals circulating in HEW to transfer responsibility for program evaluation and development, congressional relations, and budget composition from the Secretary of HEW to functional line subordinates. These functions are already decentralized in HEW, in fact if not in form, to a far greater degree than is consistent with strong Secretarial or Departmental management.

Accordingly, we recommend that these functions remain in the Office of the Secretary, and the procedures for decision-making be carefully reviewed with an eye to restoring and retaining initiative in the hands of the Secretary. Tentative Secretarial judgments on amounts to be spent, on reallocations among program areas, on the ratio of support for new, untried program ideas compared to ongoing programs, and on total budget requests should precede, rather than follow, the submission of spending estimates and detailed spending plans by operating units.

Budgeting

The independent analysis of the Office of Program Planning and Evaluation should facilitate the Secretary's annual re-evaluation of departmental goals and policies.

The Comptroller (Chief Budget Officer) should be the Secretary's chief advisor on the pace of expenditures, the sources of unexpended funds, and on techniques for shifting funds to respond to unplanned demands or unforeseen opportunities. His office should provide technical support to the Secretary and his other associates as they develop the broad reshaping of the Department's activities from year to year.

We also believe that the HEW Secretary can occasionally use the budget as an effective sanction. It may be desirable for him to freeze the flow of funds in a program led by unresponsive or recalcitrant administrators. Such an unprecedented act, appropriately staffed and backstopped, would enhance responsiveness of line operators as well as Secretarial bargaining strength vis-a-vis Congress.

Legislative Program

The Office of Legislation should be the Secretary's chief staff arm for the legislative process. It can play a major role in the translation of new program ideas into saleable legislative packages. At the same time legislative planning should be responsive to, and undertaken jointly with, other Secretarial staff offices (Program Evaluation, Social Research, Budgeting) once Secretarial guidance has been received.

Staff in the Office of Legislation should be sufficiently informed about the details of major legislation and the sensibilities of congressional committees to offer both technical and political advice to the Secretary as well as assist in the preparation of testimony. It should bring legislative proposals into final form. At the same time, on behalf of the Secretary, it should halt legislative efforts at lower echelons that are not consistent with departmental interests.

The present staff of 9 professionals should be increased substantially--perhaps doubled.

Improving HEW's Administrative Services

Administrative services in HEW leave much to be desired. Personnel programs and offices are numerous and fragmented. Despite critical personnel deficiencies and needs, there is no department-wide training program. The Department has a weak management information system and is only now laying the groundwork for centralized data processing and storage. It is unresponsive to burgeoning requirements for office space. Its weak Office of Public Information needs upgrading and expansion.

In addition to the general improvement of the efficiency and quality of its administrative services, the Department should concentrate on four critical areas in the near future:

- (1) Recruiting talented executives, through lateral transfers across agency lines, periodic reassignment of upper-grade personnel, and a readiness to cut red tape to compete for brains and talent.
- (2) Remedying the shortage of management personnel at all levels in nearly all administrations through a department-wide management training program.

- (3) Instituting department-wide data collection standards and procedures and a management information system.
- (4) Taking the lead in a program to simplify procedures for grant-in-aid applications, administration and financial accounting.

Create an Office headed by an Assistant Secretary for Program Coordination, Regional Administration, and Intergovernmental Relations

The rationale for such an office, as staff to the Secretary for operational problems in the field, for department-wide program coordination and intergovernmental relations, and as a channel to the Secretary for Regional Administrators, has been discussed with the general recommendations for domestic departments in Working Paper No. 2. HEW needs such an office because of the diversity of its programs and the relative autonomy of its bureau offices in the field which, in program matters, presently report directly to counterpart functional bureaus in Washington.

Our recommendation for an Assistant Secretary for Program Coordination, Regional Administration, and Intergovernmental Relations is not meant to isolate the Secretary from the field. On the contrary, it would be the purpose of this Office to preserve a direct channel from the field to the Secretary.

An Assistant Secretary for Program Coordination, Regional Administration, and Intergovernmental Relations should have the stature and the authority to bring together all the units of HEW involved in a particular problem and work out a concerted approach. He would seek to minimize wasteful, unplanned duplication and overlap but at the same time also help eliminate "underlap"--those program gaps which deny HEW services to many in urgent need.

B. UPGRADE THE REGIONAL STRUCTURE AND DECENTRALIZE PROGRAM OPERATIONS

The Problem

HEW's field offices have traditionally been little more than conduits between all-powerful Washington bureaus and State agencies. Until very recently most HEW administrations had their own field offices. While the field structures have recently been consolidated into a departmental network, HEW regional directors function primarily as intergovernmental public relations representatives, coordinators without muscle, and housekeepers. They are bypassed in the field

decision-making process by nominal subordinates (functional assistant regional commissioners) who get their marching orders from their bureaus in Washington. Grants in excess of \$10,000 per annum are relayed to Washington for review in nearly all administrations and programs. Many programs bypass the regional offices completely.

Recommendation

Guided by well-defined program policies provided by Washington, review and action on particular funding applications should take place in the field. Otherwise government will continue to choke in the layers through which grant applications must travel. It must regionalize and decentralize. This can be done, in HEW and elsewhere, if the President insists:

- (1) That HEW's regional administrators be upgraded to Level 5 of the Executive Pay Scale; i.e., to a rank, calibre and status more comparable to that of Assistant Secretaries;
- (2) That regional administrators be given adequate staff and authority, as major line executives, to approve program grants that satisfy the law and departmental policy and regulations;
- (3) That Washington bureaus clear and channel policy directives via the Office of the Secretary to regional administrators--not direct to bureau field representatives;
- (4) That Cabinet Secretaries deal directly and frequently with regional administrators and support them in contests with departmental bureaus.

Discussion

Regional administrators can, and must, be regional HEW "Secretaries." We reject completely the preliminary HEW conclusion that regional administrators cannot have final authority across the full range of functional responsibilities. Line authority must flow directly from the Secretary to the regional director; and he, in turn, must be responsible to the Secretary.

The Regional Administrators should direct and coordinate all HEW programs in their respective regions and effect appropriate coordination

with regional offices of peer departments.^{1/} Regional administrators should provide inputs into departmental program planning and policy formulation. They should help develop multi-year budgets and should review and, if necessary, recommend revision in regional suborganizational budgets with the aid of their own PPMS arms.

They should be called to Washington for staff meetings frequently and provided with information that enables them to act authoritatively vis-a-vis subordinate regional personnel. Formal instructions from Washington bureau chiefs to the regions should be approved in the Office of the Secretary and flow in his name to the regional administrator. And bureau personnel in the regions should look primarily to the regional administrator, rather than bureau chiefs in Washington, for their direction--and for their career advancement.

In the final analysis, the regional office must depend upon the Secretary and will replicate Washington in terms of power relations. The Secretary's strength vis-a-vis the bureaus, measured by the size and capability of his staff; his statutory powers over all the Department's functions; his power to fix the agenda in meetings with agency heads; his power to arbitrate jurisdictional disputes; and his capacity to reserve to himself and make all important departmental decisions: all these will define the latitude and the power of the regional director.

C. TRANSFORM HEW'S WASHINGTON OPERATING UNITS INTO SUBSTANTIVE STAFF OFFICES TO THE SECRETARY, REGROUPING THEM INTO THREE OR FOUR BROAD CLUSTERS OF STAFF ACTIVITIES

The Problem

Eight heads of operating units in Washington now report directly to the Secretary of Health, Education, and Welfare. The fragmentation of HEW's programs among these operating units has raised program coordination problems which are politically and programmatically difficult to conquer. Three Assistant Secretaries are presently assigned responsibility for program coordination in HEW with their separate areas of functional responsibility being Health and Scientific Affairs, Education, and Individual and Family Services.

There is some temptation to begin immediately to realign these Washington administrations and bureaus into a more logical and,

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therefore, a more manageable pattern of sub-departments, possibly corresponding to the division of labor among the Assistant Secretaries for Program Coordination. If implemented, however, our recommendation that operations be decentralized to the field and policy formulation be centralized in Washington will have an enormous effect on the Washington Offices of the bureaus in the department and also on these three Assistant Secretaries.

Recommendation

We recommend that any formal regrouping or upgrading of the functional administrations be delayed until after the Secretary is strengthened and operations are decentralized. Precipitous creation of departments headed by Secretaries would further erode the Secretary's already fragile authority and confront him, the Regional Administrators, and the President with three or more strong sub-departments independent in fact if not in name.

But after the Secretary's staff has been strengthened and the procedures for top-level decision-making have been modified to give him the managerial initiative, and when the regional administrators have been upgraded and strengthened, then a transformation of Washington's operating units into substantive Secretarial staff is mandatory, and some regrouping of these units into three or four clusters of related staff activities can be undertaken.

At that time the three Assistant Secretaries for program coordination mentioned should probably be transformed into three or possibly four Under Secretaries to head the major substantive staff offices reporting to the Secretary.

Discussion

While we have offered an example of three broad groupings of related activities (Health and Welfare; Social Insurance and Income Maintenance; Education and Manpower) as a possible model, we would be inclined to defer to the judgment and superior knowledge of the Secretary and his associates on the precise composition of these regrouped and reconstituted units in HEW. We would urge an organizational scheme that reflects the following principles:

- (1) The new substantive staff offices in Washington should conduct program research, design, and evaluation within their areas, and provide policy guidelines for the administration of programs in the field. Washington officials would not be responsible for program execution, however, which should be decentralized to the regions.

- (2) Sub-departments should embrace complementary or competing groups of interests and programs rather than represent highly-organized and self-contained professional groups. Thus, we would favor a sub-Department of Health and Welfare over separate sub-Departments for Health and Welfare. For the foreseeable future, the latter appear to us to have a high probability of being dominated by professional groups with views not necessarily synonymous with the public interest. Since there are health components in nearly every welfare program, and welfare implications in all health research and services, grouping these complementary administrations under one focus of executive leadership would substantially improve efforts for program coordination and integration at the Secretarial level. On the other hand, coordination problems would be exacerbated by separate elevation of "Health" and "Welfare."
- (3) Until authority of the Office of the Secretary of HEW is very firmly established, we advise regrouping operations under officials with the title "Under Secretary" at Level 3 of the Executive Pay Scale rather than under officials with the title "Secretary" at Level 2 of the Executive Pay Scale, as currently advocated in HEW.

Progress toward achievement of the goals of a vigorous decentralized Department, managed from the top down, would suggest future reconsideration of the desirability of elevating functional subordinates of the Secretary of HEW to Level 2 and redesignating them sub-Cabinet Secretaries.

One possible plan for internal reorganization of the Department, which reflects the principles indicated above, is appended at the end of this report.

ORGANIZATIONAL ALTERNATIVES CONSIDERED AND REJECTED

A Separate Department of Education

The case for a separate Department of Education has been argued with two voices: one against a super-Department of HEW, and the other for a Department of Education.

One band of advocates for a separate Department of Education, or Education and Manpower, believes that HEW is now simply too big and too unwieldy. They argue HEW is "unmanageable" due to the diversity and magnitude of its missions and programs. Furthermore,

they believe that education programs are not closely related to health and welfare efforts and could be administered by a separate Department without seriously increasing the problem of interdepartmental coordination. Finally, they argue that the President could not get anyone substantively qualified and politically suitable to run a strong HEW (plus manpower) and that, even if he could, it would be unwise to vest so much authority in one man.

Those positively favoring a separate Department of Education note that education is at or near the top of the list of vital public activities affecting every citizen. The Federal role in education has increased rapidly during the last three years and promises to advance at a comparable pace in the years ahead. The creation of a Cabinet-level Department of Education would anticipate this growth and provide education with visibility and enhanced status. And the President's recruitment of gifted people to manage the government's growing educational programs would be eased considerably.

The Task Force rejects the main lines of both the negative and positive argument. We believe that an organization embracing various activities and programs, designed to improve the well-being of the individual and the family, is viable and appropriate. Every effort to cope with poverty, the cities, handicapped children, and similar problems indicates that health, education, and welfare are indeed interdependent. With most of the instruments for serving individuals and families united in one Department, its Secretary is in a position to carry out comprehensive planning and analysis of individual, family, and community needs and to make comparative judgments in allocating resources among alternative programs.

We also doubt that the time is now ripe for the creation of a Cabinet-level Department of Education whose principal component would be the Office of Education. In spite of its dynamic top leadership, the Office of Education remains poorly staffed generally. It continues to be dominated by State-oriented professional educators and former State or local school administrators who are timid about any Federal role in education and insufficiently devoted to change and innovation. It is unable to carry through penetrating analyses of current problems and needs, to lay down the broad objectives of government action and to implement programs which will truly serve those objectives. Finally, it appears to have neither the desire nor the contacts to deal effectively with the scholarly community.

The Task Force believes that Presidents in the future will be better served by fewer strong departments than by a proliferation of weaker ones dominated by special interests. It is especially important that the President have his man running the show in HEW rather than a voice for any special set of interests. The less dependent the Secretary is on special interests, the more effective he can be; and the more objective will be his recommendations to the President.

THE THREE SUB-SECRETARIES PROPOSAL

Last November HEW advanced a proposal to reorganize the Department to make it more manageable and at the same time to stave off pressure for a separate Department of Education. The proposal suggested the establishment of three sub-Cabinet departments (Health, Education, and Welfare), each headed by a Secretary, and each responsible to the Secretary of HEW.

Shortly after it was put forward, the President asked this Task Force to evaluate this plan. We unanimously advised the President to postpone any endorsement until all other organizational options were explored.

The Task Force has now examined the organization and operations of HEW in considerable detail and has unanimously concluded that HEW's primary organizational problems are staff rather than line.

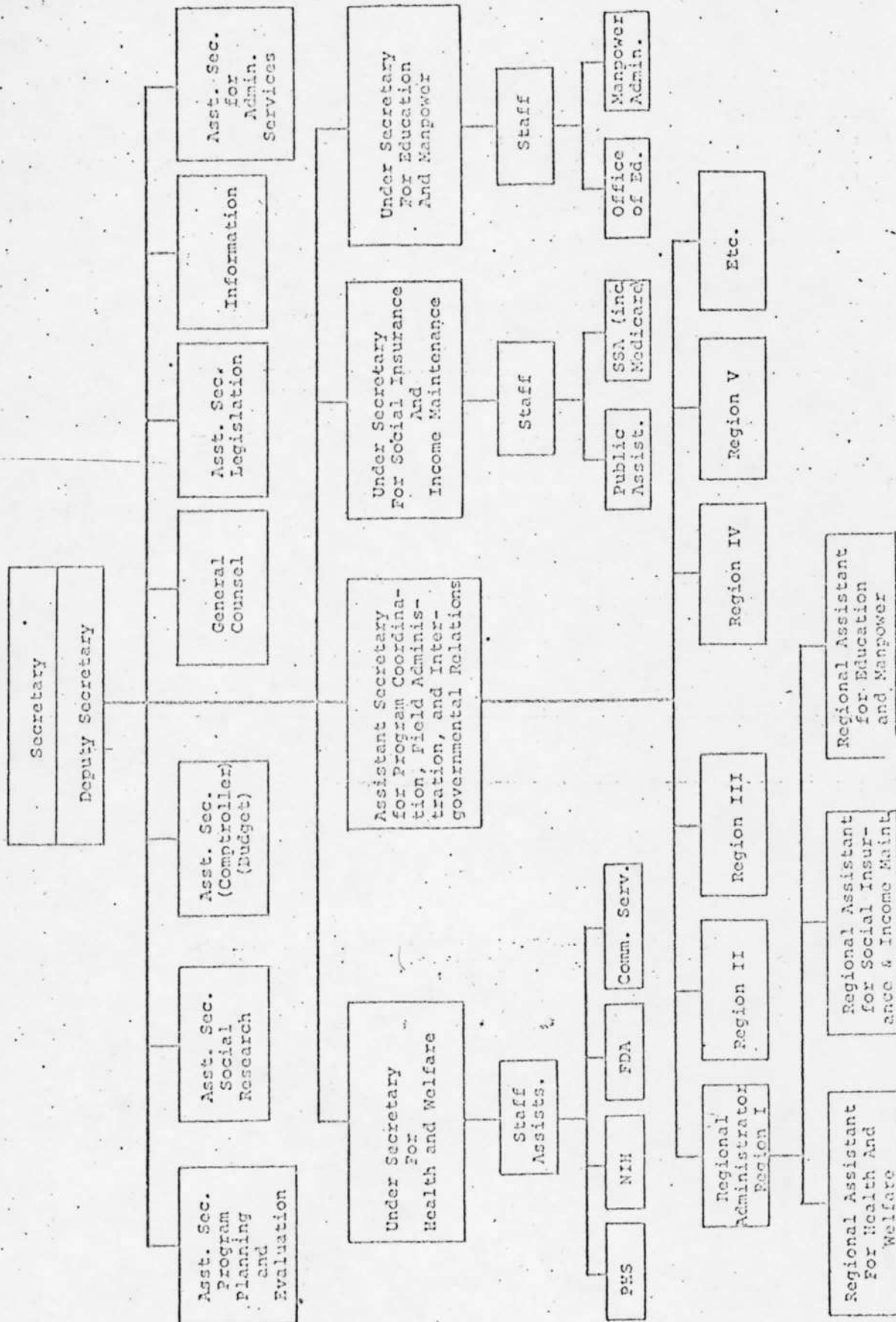
We unanimously disagree with the conclusions of HEW's in-house reorganization task force which advocates sub-Cabinet departments whose Secretaries would be given large staffs and broad responsibilities for legislation, budget, program planning and research. The HEW group seems inclined to cut into the Secretary's slender staff resources to establish staff slots for his sub-Cabinet subordinates. This recommendation would, if implemented, move in precisely the wrong direction.

This is not to say that groupings of broad functions should not ultimately be undertaken. The proposed Rehabilitative (Community) Services Administration is a step which the Task Force commends. But regrouping should follow, rather than precede, the effort to strengthen the Secretary and should include the transformation of bureaus into staff units rather than their elevation in the line. Care should be taken to insure that the new staff consolidations do not increase the difficulty of cross-functional coordination, lengthen lines of communication unnecessarily, and become more susceptible to "capture" from below by their bureaucracies.

Since the Three Sub-Secretaries Proposal provides little reassurance against these dangers, and particularly since it makes no provision for strengthening the Office of the Secretary, we do not believe it should be advanced at this time.

We also take exception to proposals by the HEW Task Force that HEW bolster its present field structure by delegating modest decision-making and grant approval authority to agency field officers. As indicated elsewhere in this report, we recommend that departmental regional directors be transformed into general executives with the rank of HEW Assistant Secretaries, and favor dramatic decentralization to them of field decisions for all functional programs in the department.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Suggested Reorganization



June 15, 1967

A FINAL REPORT OF
THE PRESIDENT'S TASK FORCE
ON GOVERNMENT ORGANIZATION

APPENDIX TO WORKING PAPER NO. 3

PROGRAM TRANSFERS INTO HEW FROM THE REST OF GOVERNMENT

An HEW strengthened at the top and infused throughout with an enhanced sense of common goals could have great impact on American life. As HEW becomes the prime contractor for the Great Society, it should assume additional program burdens presently lodged in other departments but integral to HEW's central program responsibility for human resource development and conservation.

RELOCATE MANPOWER PROGRAMS FROM LABOR TO HEW

We recommend that responsibility for national manpower policy be transferred from the Secretary of Labor to the Secretary of HEW. A Manpower Administration should be created in HEW, with status equal to that of the Office of Education. It would be composed of the Vocational Rehabilitation Administration (now an independent administration in HEW), the Bureau of Adult and Vocational Education (now in the Office of Education), the Bureau of Health Manpower (now in the Public Health Service), the Job Corps (now in OEO), and the following bureaus and programs now in the Labor Department:

- (1) Bureau of Work Programs (currently delegated to Labor by OEO):
 - a. The Neighborhood Youth Corps.
 - b. The Kennedy/Javits Special Impact Urban Public Employment Programs.
 - c. The Nelson/Scheuer Amendment Private Employment Programs.
- (2) Manpower Development and Training Act Programs:
 - a. On-the-Job Training (OJT), from the Bureau of Apprenticeship and Training (BAT).

- b. Institutional Training (HEW already shares responsibility for these with skill training now vested in HEW) from the Bureau of Employment Security (BES).
- c. Experimental and Demonstration Projects from the Office of Manpower Policy, Evaluation and Research.

In sum, we recommend the transfer of the Office of Manpower Policy, Evaluation and Research and the Bureau of Work Programs from Labor to HEW, together with certain present functions of BAT and BES. Most of BES and BAT would remain in Labor because of their other functions and their close linkages to the Interstate Conference of Employment Security Directors and the Building Trades Division of the AFL-CIO.

The Secretary of HEW--or the new Manpower Administrator--might wish to contract with State employment services for recruitment, counselling, referral and placement of job trainees in some or all areas, but there would be no requirement that he do so.

Rationale for Recommendation

Manpower Development remains one of the central, comprehensive goals of the Great Society. Originally conceived to meet the apparent threat of automation during a recession, manpower programs are now aimed primarily at the young and the old who are unprepared educationally and culturally to participate in a rapidly-evolving full-employment economy. Manpower programs remain the major weapon in the War on Poverty and a critical element of the Administration's effort to create opportunity for members of minorities.

Manpower programs are now scattered through HEW, Labor, and OEO. Federal manpower appropriations, including remedial and vocational education, skill training, counselling and rehabilitation, have increased on a piecemeal basis from \$275 million in 1961 to \$2.1 billion in 1967. Unfortunately, comprehensive manpower policy is non-existent; at all levels of government, there is an excessive amount of overlap and duplication (i.e., there are scores of separate, independent manpower programs in operation in Bedford-Stuyvesant area of New York City alone, conducted by a multiplicity of State, county, local, and private non-profit institutions).

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We believe these programs require unified direction in Washington. Since many coordination problems can be attributed to the multiplicity of funding sources, of programs, and of administrative agencies, a consolidation of manpower development efforts under one executive department in Washington should lead to rationalization of present administrative and legislative fragmentation.

Manpower policy must speak to short-term needs and long-term goals as well. In the immediate future, programs to provide work training and experience must be coordinated with health, welfare, and other social services financed largely by HEW. The task is comprehensive and involves personal rehabilitation on a large scale--bringing a range of complementary services to people in scores of communities, people now out of the mainstream of American economic life.

In the health field, for example, it is becoming increasingly apparent that medical deficiencies represent a major barrier for the economically disadvantaged in their efforts to attain gainful employment. A closer organizational arrangement between health services and manpower would facilitate the provision of supportive health services as well as provide for more rational planning for our acute shortage of nurses, laboratory technicians, nurses aides, and other health manpower requirements.

In the longer run, national manpower policy must be integrally and intimately related to national education policy and investment. It must aim at nothing less than a transformation of the educational systems and curricula in our central city urban areas while working in harness with other social programs to affect the family, residential, and employment environment so relevant to learning and educational progress.

The Department of Health, Education, and Welfare is the logical place--indeed the only place--where these programs can be brought together under one roof. As a side effect, through the transfer of the Bureau of Work Programs (NYC, Nelson/Scheuer and Kennedy/Javits) and the MDEA programs, HEW would receive two important administrative and programmatic benefits--more flexible project funds, and an opportunity to deal directly with the cities.

For the first time, outside of its Social Security accounting functions, HEW would receive city intelligence directly. This

city intelligence will counterbalance HEW's traditional orientation toward State government. HEW will receive more feed-back from communities, will have intelligence for more informed judgments in Washington and will have some leverage over local constituent agencies through funds to support training programs, the introduction of sub-professional aides, etc.

We feel that the Department of Labor--for reasons not the fault of its leadership--has crippling disabilities that disqualify it as a candidate for comprehensive management of all manpower programs:

- (1) A very weak Manpower Administration presently presides over major Labor Department Manpower programs. Congress, particularly the House Appropriations Subcommittee, has starved the Office of the Manpower Administrator, refused to provide appropriations for a central field staff, and allowed the constituent bureaus--BES, BAT, and the new BWP (Bureau of Work Programs)--to remain virtually autonomous. And, given the exceedingly close links between the Interstate Conference of Employment Security Directors and BES, and between the Building Trades Division, AFL-CIO, and BAT, prospects for building a strong Manpower Administration in Labor are not very bright.
- (2) As the spokesman for organized labor, the Department finds it virtually impossible to challenge the discriminatory practices followed by many of the trade unions, particularly the building trades. With BAT as the governmental outpost of the building trades as well as the administrative arm for On-the-Job Training, Labor simply writes off the possibility that OJT programs can be used to open up building trades to accommodate a large supply of untrained novices even though manpower shortages in these skills are acute.
- (3) In attaining the objectives of MDTA and other manpower programs, the National/State Employment Service presents special problems. This service is funded through a national unemployment insurance tax levied on employer payrolls. Given this source of support, the Public Employment Service has traditionally placed priority on servicing the requirements set forth by employers and shown minimal concern for the applicant who doesn't possess marketable skills.

The Labor Department, however, is under strong political pressure to use the State employment services as subcontractors in manpower programs at the State and local level despite general evidence that employment services feel no great urgency to make these programs work in the areas of greatest need. And the Labor Department finds it politically very difficult to exert heavy pressure to reorient State services.

- (4) Since the vast majority of employment service staff will continue to be hired under State Civil Service requirements and salaries, and the BAT will continue to take on semi-retired business agents and trade union patrons, Labor's capacity for assertive and imaginative leadership of the manpower effort is unlikely to improve to any substantial degree.

RELOCATE OEO?

We do not recommend the transfer of OEO to HEW at this time. We believe it remains an asset to the Administration as an independent agency and see no reason to modify the recommendations on OEO which we submitted on December 15, 1966.

At the same time we feel the time will come when it is both programmatically and politically desirable to incorporate OEO in an executive department. If the recommendations for HEW advanced above are adopted and implemented forcefully, we feel HEW is the obvious future home for OEO/CAP, especially if manpower development and training programs are consolidated in HEW.

Ultimate placement of OEO in HEW would place virtually all Great Society social service programs under one Cabinet member; facilitating rational program planning and resource allocation, and integration of social services at the community level.

To avoid a loss of organizational clan at the time of transfer, OEO should probably be kept intact initially and operate as an autonomous subdivision of HEW. Afterward, major OEO programs could be amalgamated with existing HEW administrations: Neighborhood Health Centers with PHS; Headstart with OE; VISTA with a new Community Services Administration. The best local community action programs might be supported by CAP funds appropriated to the Office of the Secretary and could become an operating arm of the new staff Office of Social Research and Program Innovation recommended earlier.

OTHER DESIRABLE TRANSFERS

Previous task forces on government organization and in substantive program areas have recommended the consolidation in HEW of the

- Veterans Administration;
- The College Housing Program, now in HUD;
- The Bureau of Indian Affairs, now in Interior.

We also recommend these changes as substantively desirable, however politically difficult, to implement. But we do not consider these transfers to be matters of high priority, and we condition our recommendation on prior improvements in departmental staff and management.

June 15, 1967

A FINAL REPORT OF
THE PRESIDENT'S TASK FORCE
ON GOVERNMENT ORGANIZATION
WORKING PAPER NO. 4

THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:
AN EMERGING ORGANIZATION

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

Introduction

HUD stands with HEW in the importance of its domestic program responsibilities to the social problems of urban America. HUD's predecessor, the old HHFA, was plagued with nearly all of the organizational problems that we have identified in HEW. Thus the establishment of HUD in late 1965 afforded fresh opportunity for the President to gain control of a host of vital domestic programs.

Since HUD is barely a year old, a comprehensive evaluation of the effectiveness of the new organization would be premature. At the same time, while we have examined HUD less intensively than HEW, we can offer our thoughts about the Department's organizational decisions and plans.

We have focused on three vital issues of departmental organization and management:

- (1) The adequacy and use of staff for Secretarial control and leadership;
- (2) The authority of, and staff support for, Regional Administrators;
- (3) Procedures for decentralization of operational authority to the field.

General Conclusions

The Department has moved rapidly to establish a structure responsive to unified executive leadership in both Washington and the field. The Office of the Secretary has been strengthened through a far-reaching

reorganization of the Department which includes:

- Consolidation of management instruments (unified departmental planning, program development and analysis, personnel and budget) in the Office of the Secretary;
- Merger of the independent operating agencies of the earlier era under authoritative new Assistant Secretaries.

In the field, progress toward decentralization is mixed. The authority and responsibility of field executives for personnel, administration and technical review of local project applications has increased, but Washington officials appear reluctant to delegate final project funding authority. At the same time the influence and authority of Regional Administrators has been significantly increased over the prevailing pattern in the old HHFA. Except for the local FHA insurance offices, all HUD representatives in the field are under the line authority of the Regional Administrator. His capacity for coordination and independent analysis has been enhanced through the establishment of a comprehensive Program Coordination and Services unit in each regional office.

SUMMARY OF RECOMMENDATIONS

In its first year as an executive department, HUD has formulated and implemented important organizational reform designed to create a unified department responsive to the Secretary and the President. Nevertheless, much still remains to be done, and we urge the President to direct HUD to accelerate its activities in the following areas:

A. Strengthen the Office of the Secretary

- Increase and improve staff capacity for research, intradepartmental program coordination, policy planning, and program review and evaluation tied closely to major budget and legislative decisions;
- Move more forcefully to bring the Housing Assistance Administration, and especially the Federal Housing Administration, under the firm control of the Secretary;
- Institute an intensive in-service training program to accelerate the development of staff capable of utilizing new management and administrative tools;

- Develop the proposed Urban Institute, after its approval by Congress, into a high calibre quasi-public research and development organization. HUD must respond to the critical need for research and technological development in housing and for other urban problems, and this task requires sustained, high calibre inquiry and analysis.

B. Build authoritative, responsive regional organizations

- Increase the rank and calibre of departmental regional executives to Level 5 of the Executive pay scale and improve the overall grade structure of the field staff;
- Decentralize authority for project application review and grant decisions to the field for all established programs, except when the technical nature or the scarcity of resources absolutely prohibits this;
- Place the FHA local insurance offices under the operational authority and direction of the Regional Administrator. Transform the local FHA insurance offices into departmental outposts for information, technical support and contact with local officials and clients.

DISCUSSION OF RECOMMENDATIONS

ORGANIZATION IN WASHINGTON

Office of the Secretary

The 1965 enabling legislation vested all statutory authority in the Secretary, except for FHMA. In practice FHMA is under the control of the Secretary, since he is chairman of the Board of Directors and selects the majority of its members. To develop a unified approach to urban problems and department-wide control, HUD's new leadership has been required to transform the housing agencies from a functional into a geographic organization under strong executive leadership.

In Washington there has been a far-reaching effort to organize staff and consolidate management operations to create a structure