

THE OFFICE OF EXECUTIVE MANAGEMENT (OEM)Mission and Role

OEM will be an essential management arm of the President. It will provide enhanced institutional capability for:

- . budget and program evaluation,
- . program coordination,
- . legislative clearance,
- . executive personnel development, and
- . organization and management systems improvement.

It will be OEM's job to carry out all these functions so they relate to each other. Coherent executive management of the Executive Branch cannot otherwise be attained. In performing its mission, OEM will serve as an important link between the President and the agencies. Appendix 4 provides a more detailed description of OEM's general duties.

Structure and Staffing

We recommend that the Executive Director of the OEM be a Level I and his Deputy Executive Director a Level II both appointed without Senate confirmation.

To perform the functions listed above, the Executive Director and his Deputy Executive Director will be responsible for five Divisions:

1. Division of Budget and Evaluation (See Appendix 5)

This Division will prepare and review the annual budget and will assist in developing budget and fiscal policy. With the help of other parts of the EOP, it will develop the assumptions, constraints, and guidelines for the agencies' program budget submissions.

A great weakness in Federal government is its lack of ability to evaluate program results. This Division will also be charged with that responsibility. It will assess program achievements in terms of performance objectives and cost, and will pinpoint critical problem areas for executive attention. Further research into evaluative techniques, and training EOP and agency executives in their use, will take time and effort, but it must be done.

The Director of the Division will also be a Deputy Director of OEM. He will have two Level IV deputy division directors, one for evaluation and one for fiscal affairs, as well as

a Level V assistant division director for budget preparation and review. Together they will direct a staff of about 240 professionals.

Forty of these will establish budget guidelines and assemble the budget, and 25 will develop and apply evaluation techniques. The others will be divided into six examining groups, corresponding to BoB's present program divisions, augmented to strengthen the evaluative function and headed by Presidential appointees. Four of the examining groups will be headed by Level V's, while the remaining two examining groups, those concerned with National Security Programs and Human Resources Programs, will each be headed by a Level IV.

2. Division of Program Coordination (See Appendix 6)

Major problems have always faced the President in achieving the effective implementation of his domestic programs. A program is only as good as the results it achieves at the points of delivery. Where programs require cooperative interagency action, a sound management device is needed to assure this is forthcoming.

This is a principal purpose of the proposed Division of Program Coordination. Its staff, which will be based in Washington, is intended to be constantly active in the field observing program performance at the operating level. It will improve the implementation of domestic programs by helping agencies work out interagency operating problems in the field. It will perform an expediting role and serve as a catalyst to bring about cooperation between agencies on related programs.

On occasion, the Division will also coordinate specific activities requested by the President, particularly in cases of local emergencies. At other times, the President's staff on the DPC may wish to enter into selected coordination issues where Presidential considerations on important policy matters may be at stake.

It is important to describe the coordinator's role with unusual care. He will cultivate a relationship of trust and understanding with agency officials. Although each coordinator will inevitably carry a grain of Presidential authority, he will rely primarily on his broader perspective and persuasive talents to bring agencies together. He may, for example, ask agencies to take actions allowing greater

flexibility in the field and greater reliance on state and local governments. A coordinator who too often crosses the narrow line from assistance to pre-emption will fail.

The difficulties experienced by state and local governments in respect to interagency Federal programs are well known. This Division can be called upon by those governments to resolve operating problems arising from interagency programs. It will work as appropriate with the Vice President and the Office of Intergovernmental Relations (OIR). As previously indicated, the Council is currently studying the role of the OIR.

The Level III Director of this Division will have two Level IV Deputies and a staff of some 30 professionals.

3. Division of Legislative Clearance (See Appendix 7)

This Division will draw together agency reactions on all legislation--some 17,000 pieces annually--and prepare recommendations to the President.

It will also participate in developing legislation to implement the President's programs and assist in the drafting of new bills. It will review the agencies' proposed Congressional testimony.

A Level III Director will direct a staff of about 20 professionals. This Division will draw upon the assistance of the Division of Budget and Evaluation, the NSC, the DPC, and other staffs.

4. Division of Executive Personnel (See Appendix 8)

Executive manpower planning and development in the Federal government is in a primitive state. We have essentially no means of forecasting needs for executive talent--either in terms of quantity or skills. There is no reliable way to appraise executive leadership potential. Training and motivation programs are inadequate.

The Division of Executive Personnel will take the lead in developing and evaluating programs to recruit, train, motivate, deploy, and evaluate top executives. These programs will aim to develop new perspectives and skills among Federal executives, and will assure that talented executives are identified, utilized to their fullest capabilities, and exposed to opportunities across the Executive Branch.

The Division will rely primarily upon the Civil Service Commission and the agencies to execute programs and will encourage the agencies to develop their own. It will not be responsible for recruiting or identifying potential executives in the career service. These activities should be carried out by the agencies and the Civil Service Commission.

The President will, of course, make whatever arrangements he wishes in recruiting Presidential appointees. We suggest, however, that this function continue to be performed by a member of the President's personal staff, and not be placed within the ambit of the Division of Executive Personnel.

The Division's Level III Director will have a Level IV Deputy to assist him. The staff will number about 20 professionals.

5. Division of Organization and Management Systems (See Appendix 9)

This Division will continually review the organizational structure and management processes of the Executive Branch and recommend changes for their improvement. It will also develop information systems to provide performance data and other meaningful information for the President and the agencies.

Its staff, under a Level III Director, will be divided into two sections to perform these functions. One section will work on organization and management processes--the kinds of tasks assigned to this Council, and to similar groups in the past. Evolving Federal programs need continuing attention to organization and to management systems if the Executive Branch is not to get locked into unworkable structures.

The second staff component, under a Level V Assistant Director, will design and build an effective executive information system to meet the President's needs, and will improve the consistency and quality of agency reporting. The Assistant Director for Information Systems should be chosen primarily for sensitivity to the needs of the President and the agencies, as well as for a broad conceptual grasp of information systems design. As systems are developed, his staff can be reduced.

Important Changes

Many of the functions we have assigned to the OEM are presently performed to some degree within the EOP, but not at the level demanded by current requirements. OEM will bring about the following important changes:

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- . Presidential appointees will run those institutional staffs of the EOP which assist the President in his management functions. This should lead to greater understanding of the President's programs and priorities and more accurate and aggressive translation of this understanding into action.
- . OEM will concentrate greater attention on crucial managerial functions: program coordination, organizational and management processes, information systems, and executive personnel.
- . It will give the President's office an increased institutional staff commensurate with the scope and complexity of his managerial problems.
- . By conscious stress on "management" rather than "budget," it will create a climate more conducive to managerial effectiveness. The new name--Office of Executive Management--is, we believe, of symbolic importance in contributing to that end.
- . It will signal increased Presidential attention to executive personnel programs.