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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.