

A PRELIMINARY REPORT TO THE PRESIDENT

**SIMPLIFYING  
FEDERAL ASSISTANCE  
TO STATES AND  
COMMUNITIES**

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

JUNE 1969

A Preliminary Report to The President  
on  
SIMPLIFYING FEDERAL ASSISTANCE TO STATES AND COMMUNITIES

A review conducted jointly by the

Bureau of the Budget  
Office of Intergovernmental Relations  
Department of Agriculture  
Department of Commerce  
Department of Health, Education and Welfare  
Department of Housing and Urban Development  
Department of Justice  
Department of Labor  
Department of Transportation  
Office of Economic Opportunity  
Small Business Administration

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on  
SIMPLIFYING FEDERAL ASSISTANCE TO STATES AND COMMUNITIES

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## SUMMARY REPORT TO THE PRESIDENT

On March 27, 1969, the President directed the nine Federal agencies on the Urban Affairs Council and the Bureau of the Budget to work together to modernize the management of our complex Federal system of assistance to States and communities. In response, an intensive coordinated inter-agency effort has been launched to achieve the President's basic objectives:

1. Create a new sense of partnership among the various levels of government, with greater dependence on State and local governments.
2. Streamline and simplify the processes and organizational structure for managing Federal programs not only for efficiency and economy but to speed delivery of resources and services.
3. Decentralize the Federal agencies to stimulate greater interagency coordination in the field and greater collaboration between Federal agencies and State and local governments.

### Background of the Problem

In recent years, hundreds of new programs have been created to help meet a wide range of critical 20th century needs of people and the communities in which they live. These programs have been responsible for major advances in many fields. Unfortunately, however, their piecemeal historical evolution has resulted in a highly splintered array of narrow categorical grants and other assistance programs each with its own special purpose organization structure and detailed procedures and requirements. Red tape has flourished in a welter of fragmentation, centralization and agency parochialism.

Delivery of Federal services has often been slow and uncertain. Programs have been too costly to administer at all levels of government. Further, the categorical program approach has resulted in bypassing mayors and governors in favor of dealing with categorical counterparts at the State and local level. This further splinters State and local governments and weakens their ability to solve their own problems. This has led to frustration on the part of State and local officials and much disillusionment and bitterness on the part of citizens.

### Action Program

The President's directive has resulted in launching a major three-year interagency effort to cut the maze of red tape in which these programs have become entangled. A tremendous amount of departmental effort will be required. Experience in private industry shows that a period of years normally elapses from the time when management decides a complex system must be changed until that system has been analyzed, redesigned, pilot-tested, and a new system installed. Since the network of Federal systems

is considerably more complex than any in industry, our three-year target may be optimistic. However, we believe the need is of sufficient urgency to warrant this schedule. Success will depend upon the continued commitment of department and agency heads, and their willingness to provide the resources necessary for major changes.

### Six Major Efforts

Six closely related areas provide the framework for the management actions which must be taken during the three-year period of this effort:

1. Common Regional Boundaries. The President has established ten standard regions to provide a basis for better field coordination of social programs and to provide greater accessibility to these programs by the States and communities. The following actions have resulted:

- a. Five agencies - HUD, HEW, Labor, OEO, and SBA - are now realigning their regional boundaries and headquarters locations consistent with this standard pattern.
- b. Other agencies are studying the feasibility of adjusting some of their field structures to assure that related programs can be easily coordinated with those of the five agencies. For example:

- The Urban Mass Transportation Administration of the Department of Transportation plans to establish regions which are identical with the ten standard regions.

- The Law Enforcement Assistance Administration of the Department of Justice will establish seven regional field offices which will conform to the boundaries of one or more of the ten standard regions.

2. Regional Councils. Regional councils are being established in each of the ten standard regions to help solve interagency problems, improve coordination, work with State and local governments and evaluate program results. Four regional councils are fully operational at Chicago, New York, Atlanta and San Francisco. Three new councils are in process of organization - Philadelphia, Denver, and Dallas-Fort Worth. The remaining three regional councils at Boston, Kansas City and Seattle will be organized in the coming months. The Department of Transportation is developing plans for its participation as the fifth full member of the ten regional councils (joining HEW, HUD, OEO and Labor), and several other agencies are beginning to participate in council activities on an ad hoc basis.

3. Decentralization. Program and administrative delegations to field officials will be stressed to assure that decisionmaking is as close as possible to the point of delivery of services. This should result in speedier decisions, simplification of administrative processes, and increased cooperation and coordination between the Federal Government and

States and communities. Federal field offices are more accessible to States and communities and have a better understanding of their problems. Decentralization should free Washington executives from much of the day-to-day program administration and permit them to be more effective in program development, the setting of policy guidelines and evaluation of program results. A valuable concept paper on decentralization has been prepared to guide agency actions. Examples of initial efforts include:

- a. The Department of Transportation has delegated a number of authorities to field officials, including greater authority to Federal Highway Administration field officials to approve highway planning and research projects.
  - b. The Department of Labor is carrying out a major reorganization and consolidation of its manpower programs and has begun a systematic effort to delegate increased decisionmaking to the field.
  - c. The Department of Health, Education, and Welfare is streamlining its headquarters and regional office organization structure. This includes strengthening the role of the regional directors in program planning and evaluation, as well as initiating a broadly based manpower utilization review effort covering all programs of the Department.
  - d. The Office of Economic Opportunity has delegated additional contracting authority to its regional directors.
  - e. The Small Business Administration is engaged in a long-range study of various administrative actions pertinent to programs and administrative operations with a view to placing final authority at the lowest level commensurate with sound management practices.
4. Greater Reliance on State and Local Governments. Major emphasis will be given to shifting to State and local governments responsibility for many of the details involved in the administration of Federal assistance programs. Knowledge of State and local conditions must be fully tapped so that programs will be more responsive.
- a. The Department of Housing and Urban Development has a pilot project to delegate authority to local urban renewal agencies to approve rehabilitation loans up to \$3,500.
  - b. The Department of Agriculture has begun a joint meat inspection program with State of Wisconsin officials which will result in the interchangeable use of Federal and State inspectors.
  - c. The Department of Justice has created a new crime strike force in New York City which combines State, local, and Federal personnel in a joint effort against the largest concentration of organized crime in the nation. If this strike force operates successfully, more will be established in FY '70 and '71.

d. The Department of Justice has developed plans to expand greatly its capacity to train State and local law enforcement officials at the FBI National Academy and Bureau of Prisons In-Service Correctional School.

5. Cutting Federal Red Tape. The streamlining of the Federal assistance programs through cutting of Federal red tape involves a two-fold attack:

a. Process Simplification--Reduction in Time and Cost - In this period of urgent social problems, Federal assistance must be brought to the people as rapidly as possible. State and local officials deserve a timely yes or no answer to their requests for help, since long delays handicap their ability to plan and budget. By focusing specific attention on the time required and costs for this Federal response, duplicate and marginal processing steps often can be eliminated and delays can be brought more promptly to the attention of management for timely action. Through a cooperative effort of Federal, State and local representatives, we hope to reduce significantly the red tape which has characterized too many of these programs.

The Bureau of the Budget is giving more impetus to this effort which will include all assistance programs of the nine agencies. HUD is placing in operation during July a pilot effort on project control covering all of its major programs in its Northeast region.

b. Consistency in Procedures, By Function - The procedural requirements for functions common to many programs--auditing, accounting, bonding, statistical data, planning, and reporting--impose a considerable burden on States and communities because of wide variations among the many programs drawn upon by individual States or cities. Interagency task forces are being established to inventory existing requirements and develop ways to move toward greater standardization of Federal requirements. In this way the mass of paperwork generated by Federal requirements can be sharply reduced, and States and communities can concentrate on program substance rather than piecemeal details.

6. Program Consolidation and Coordination. Related Federal programs within a single agency or among a number of agencies can in many cases be more simply and effectively administered as a single program. Two major concepts for achieving program consolidation are now under active consideration:

a. Joint Funding Simplification covers a variety of efforts to establish consistent processes of administration, including the simplification of the handling of funds for projects which draw upon a number of different

Federal source for their financial support. Several pilot projects are planned under the limited authority of Executive Order No. 11466 of April 18, 1969. House hearings have been held on legislation to broaden this authority.

b. Grant Consolidation will permit a substantial reduction in the large number of related Federal categorical grants. The Grant Consolidation Act of 1969 proposed by the President has received bipartisan sponsorship in both the House and the Senate. Examples of agency actions include:

- Department of Health, Education, and Welfare has proposed a grant consolidation project in education which will carry with it greater flexibility and decentralization of decisionmaking to State and local governments. This has now passed the House.

- Department of Labor has consolidated its manpower organizational units at the national level and is developing a unified budget structure consistent with this reorganization.

#### Work Plan

First we must define how the complex net of existing Federal program machinery works. This requires gathering the necessary basic facts about these programs and subjecting them to a systematic and searching process analysis. Detailed analyses will be made of each agency program. In addition, network analyses will be made of the interrelationships among Federal programs as well as among the various levels of government - Federal, State, and local. Arrangements are being made for the active participation in this effort by representatives of State and local governments and public interest groups.

From these analyses we will design, pilot test, and install innovative new approaches to: simplifying and speeding the line systems for delivering Federal resources; arranging interagency and intergovernmental coordination; packaging related programs; delegating decision authority to the lowest level consistent with good management; transferring more responsibility to State and local governments; strengthening the headquarters' functions of policy formulation and planning; and restructuring government organizations and shifting personnel to reflect these reforms.

Finally we will develop a follow-up evaluation and control system to identify and measure results and to assure that expected benefits do materialize.



Steering Group Members

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SUPPORTING MATERIALS  
for the  
SUMMARY REPORT TO THE PRESIDENT

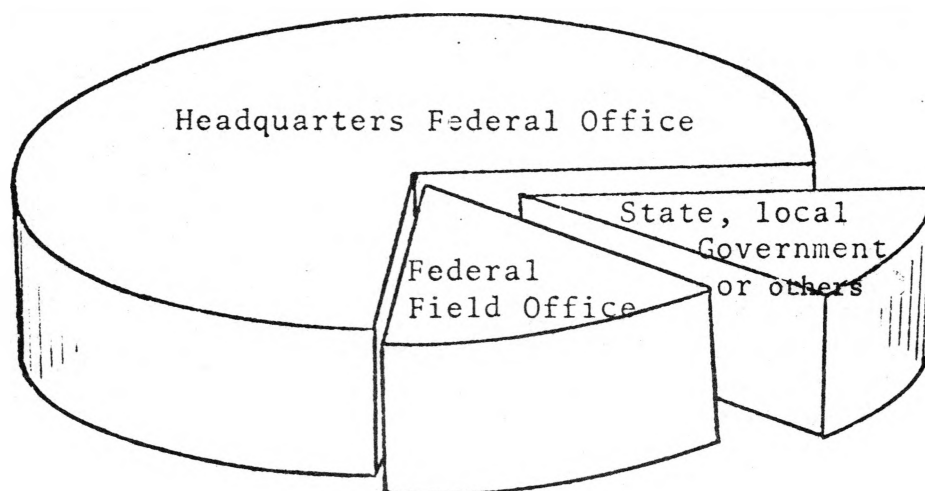
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## PRELIMINARY FINDINGS

1. Administering Federal Assistance Programs is a big job in the nine agencies. Based on total funds available to the nine agencies, including trust funds, over three-fourths of their FY 1969 Federal funds was used for assistance programs involving grants, loans and contracts. Not only is Federal assistance big business from the funding aspect, but the initial data provided by the nine agencies reflect a complex and disjointed picture of fragmented organizations, splintered delivery systems, centralized authority, and inadequate coordination.
2. Federal Programs Administered by many Fragmented Organizations From the data provided by the nine agencies, we find that there are over 70 administering organizations at headquarters managing over 500 Federal programs. The nine agencies also reported over 100 separate structures reaching from Washington to the field containing over 20,000 separate field units, with more than two-thirds of the total agency personnel located in the field. The picture is quite heterogeneous: one agency uses two field structures to administer over 70 Federal programs while another agency has over 60 identifiable field structures administering about 150 Federal programs. Some of these field structures are very simple and involve only field offices that report directly to Washington, D. C., while others are very complex being composed of a number of Federal levels of organization. Field office boundaries present an even more baffling web of Federal bureaucracy from the viewpoint of states and communities.
3. Many Processes used to Deliver Federal Assistance. Because many of the Federal programs have several categories of eligible recipients, as well as different program purposes, each program often has a number of unique processes to deliver federal assistance. Even for those agencies that have streamlined their organization structures, much red tape still exists. For example, one relatively small program in one agency has six different types of recipients to serve two basically different purposes or, in effect twelve different delivery systems. When this is multiplied by the hundreds of individual programs the confusion is overwhelming to the states and communities.
4. Most Federal Programs have Highly Centralized Authority. One of the objectives of the President's March 27 memorandum was to place administrative and program decision making closer to the point of delivery of service with greater reliance on State and local governments. Based on the final approval authority for

grants, loans, and contracts, decisions involving three-fourths of the total program funds are in headquarters Federal offices, while about 20% are made by Federal field offices and less than 10% by State or local governments or others.

#### FEDERAL DECISION MAKING



5. Coordination of Federal Programs Inadequate. With fragmented organizations, splintered delivery systems, and highly centralized authority, the need for coordination has been critical. Yet, the mechanisms thus far used to achieve this coordination have been inadequate. Some agencies have met this problem through the establishment of regional offices for some or most field programs but with limited or practically no management authority. Others have used intra-agency committees or inter-agency task forces.

The intra-agency committees are composed of program representatives assembled at the field level for coordination and communication across individual program lines. Sometimes a Secretary's representative in each region is designated to lead the effort. While these committees can be and have been effective in achieving some improvements in intra-agency coordination, they do not generally strengthen inter-agency program involvement.

The second mechanism -- more recent in origin -- is the interagency program team established to coordinate major programs. These are established at Washington and field levels to coordinate and mesh the administration of complex programs that overlap or have a high degree of interrelationship. Examples are the Model Cities and Neighborhood Centers Pilot Program teams established under HUD. Another example is the Cooperative Area Manpower Planning System sponsored by the Department of Labor which is unique in that it also provides for State and local government field leadership roles. The interagency coordination efforts have been primarily for particular functional areas and are still in the testing stages.

6. Major Effort is Needed to Cut Red Tape. The findings reveal that the widespread concerns about Federal assistance programs were correct: that much red tape does exist; that organizations are fragmented; that administrative decision making is highly centralized; that coordination mechanisms are inadequate; and that the delivery systems are complex. In addition, the findings suggest that a major effort on the part of each department and agency as well as among related agencies is essential. The work plan with the initial and long-range actions discussed in the remainder of this report describe the overall strategy and demonstrate a commitment by the departments and agencies to achieve the objectives of this effort.

## WORK PLAN

Immediately following the President's directive, the individual agencies and the Bureau of the Budget through a Steering Group of senior agency representatives have organized a coordinated work plan to accomplish the President's objectives. This work plan includes the following elements:

1. Top Agency Management Personally Involved. The success of this effort to decentralize, streamline, and simplify Federal programs depends heavily on continued departmental commitment. Through the Urban Affairs Council, the Under Secretaries Group, a Steering Group of Assistant Secretaries, and Secretarial assignments and task forces within each of the agencies, top management in each of the nine agencies is personally involved in, and committing resources to, the planning and execution of this effort.
2. Goals and Objectives Clarified. Attention has been focused on clarifying goals and objectives for this effort through the development of papers which promote common understanding among the agencies such as Appendix II - A Concept of Decentralization. Also, these goals and objectives are being described in terms that permit the identification of quantitative and other measures of effectiveness.
3. Inter-Governmental and Interagency Cooperation and Involvement Encouraged. At each phase of the program, State and local officials and representatives of their Associations as well as agency program and administrative personnel both at headquarters and from the field are brought in as active participants. Also, special interagency task forces are being established for common functional areas with headquarters and field membership, and the Federal Regional Councils are carrying out specific work projects at the regional and local levels.
4. Basic Information on Work Processes, Organizational Delegations. The initial agency inventory reports reflected wide variations in agency patterns of program management and differences in organization concepts and terminology. Accordingly, the finding of common benchmark data is difficult. A plan for developing a more effective reporting system of all agency programs is being developed and will be in effect by September of this year. This system will include quantitative data to show the progress made toward decentralization, simplification, and streamlining and, most importantly, give some indication of the improvements in delivering services to the public.

Examples of useful measurement data that are being developed include: shifts of personnel and higher grade positions from headquarters to the field; elimination and consolidation of organization structures; consolidations of program funding; more effective coordination mechanisms; decreases in program processing time; and decentralization of program and administrative authority to Federal field organizations or State and local governments.

5. Intensive Analyses of Critical Program Management Aspects. Within each of the agencies and on an interagency basis there will be a continuing intensive analysis of critical management aspects of each program. This analysis will include studies of the individual processes, common functional approaches, and the collective impact of these programs upon the State and local governments. Some of the initial actions taken by the agencies and long range actions, as now envisioned by the nine agencies, which show the types of studies, analyses, and actions accomplished or planned, are discussed in Parts IV and V of this report.

INITIAL ACTIONS TOWARDS SIMPLIFYING FEDERAL ASSISTANCE  
TO STATES AND COMMUNITIES

Each of the nine Federal agencies involved in this review undertook a short-range program to simplify Federal assistance to States and communities. A number of agencies developed department-wide actions to order decentralization of program activities on a broad scale. Many of these actions were comprehensive in concept and were initiated by the Secretary of the department. Other agencies began with actions bearing directly on a specific program or process. Actions of both kinds are described in this part of our report. These initial actions demonstrate commitment by the agencies to the Presidential objectives contained in his March 27, 1969, memorandum.

The Urban Affairs Council and the Under Secretaries Group have been kept closely advised of the various projects associated with this review. The Under Secretaries Group, in particular, has been used as a means for assuring top-level agency program management participation in these efforts.

Interagency Steering Group members have met with senior Federal field personnel to discuss jointly steps which can be taken by Washington level and field level people to simplify and improve Federal programs.

The Office of Intergovernmental Relations hosted a meeting with a group of senior officials from the States, counties, and cities during which this program was discussed and their ideas and participation sought.

The Bureau of the Budget has been working with the Federal agencies in (1) the implementation of the common regional boundary system, (2) the establishment of new regional councils to serve the new ten region system, (3) the development of grant consolidation proposals, (4) the implementation of the Intergovernmental Cooperation Act, and (5) the overall effort to reduce processing time and cutting red tape.

Clearly, the important improvements in Federal processes must come from the individual Federal agencies. Their accomplishments flow directly to the States and communities and to the private citizen. Examples of agency actions follow:



Department of Health, Education and Welfare

1. Regional Office Structure

Background - There is a need to streamline government programs at all levels and to move decision making out to the regions and field.

Action Taken - The Secretary met in April 1969 with the nine HEW Regional Directors to discuss a coordinated HEW effort of field reorganization. As a result a task force was established under the Deputy Under Secretary to review and make recommendations to the Secretary on the proposed organizational framework which should be used to carry out HEW programs in the field. The Task Force presented their findings and recommendations to the Secretary on June 3. Detailed procedures are now being developed for implementing the approved recommendations over the next three months.

Results - The following proposals are being developed for implementation:

- a. Line authority over selected Office of the Secretary units in the region would be delegated to the Regional Director.
- b. A regional planning system for operations would be developed. This would encompass all HEW programs at the regional level.
- c. The Regional Director's staff would be strengthened, particularly in the planning and evaluation area, commensurate with his increased responsibilities and authority.
- d. Regional Commissioners of the operating agencies would be given line supervision over agency program personnel in the regions.

2. Manpower Utilization Review

Background - Secretary Finch, in reviewing the Department's programs, undertook a manpower utilization program in view of the following considerations:

- a. Availability of manpower had become a critical factor in the Department's ability to fulfill its mission;
- b. Application of the personnel limitation provisions of the Revenue and Expenditure Control Act of 1968, required action.

HEW - continued

c. Implementation of the President's directive that each Department intensively review all of its programs and activities to accomplish the orderly reduction of unnecessary civilian employment in the executive branch of the Government

Action Taken - As part of the first phase of HEW's Manpower Utilization Review, each agency in HEW is identifying program activities which appear to have potential for achieving significant manpower savings. Each activity or program selected will be subjected to a searching and comprehensive analysis as to essentiality of the work performed and alternatives for more effectively and efficiently achieving the essential mission. A Departmental Task Force has been established to direct an overall review of manpower utilization. This Task Force is responsible for defining the goals, policies, and procedures for the Departmental and individual agency manpower reviews. Each HEW agency has also appointed a Task Force to review its manpower utilization within ground rules established by the Secretary. These agency task forces include field, program and non-Federal representation. A member of the Departmental Task Force has been assigned to work with each agency Task Force. This review involves examination of all programs in HEW. None are exempt.

Results - As a result of this review:

- a. Personnel in activities of a lower priority will be moved to higher priority activities.
- b. New approaches are being developed to decrease the manpower required to handle continuing activities.
- c. Functions performed at headquarters will be delegated directly to the field, in some cases eliminating extra levels of review.

#### Department of Housing and Urban Development

##### 1. Delegate Contract Authority for Homeownership Assistance Program (FHA)

Background - Section 235 of the Housing and Urban Development Act of 1968 provides for insurance of mortgages and payment of assistance for lower income families for homeownership. It also

HUD - continued

provides for insuring mortgages executed by nonprofit organizations or public agencies to finance the purchase and/or rehabilitation of housing for resale to eligible lower income home purchasers. Approval of certain actions under this section by Washington was a standard procedure for the Department.

Action Taken and the Results - The authority to make reservations of contract authority for requests under this section of the Act has been delegated to all FHA insuring offices. This eliminates the need for Washington approval in each case, thus reducing processing times.

2. Eliminate Requirement for Prior Review of Third-Party Contracts in Model Cities Program

Background - There has been a requirement that third-party contracts between cities in the Model Cities program and the agencies assisting them in the planning phase be pre-reviewed by the HUD Regional Office.

Action Taken and the Results - This requirement has now been eliminated. Protection of the Federal interest is provided by the establishment of contracting standards for cities, contractors, and operating agencies, by the plan review process, and through program and financial monitoring.

3. Consolidate Related Programs for Metropolitan Development

Background - The 701 program of Comprehensive Planning Grants and the Program of Grants for Urban Information and Technical Assistance under Title IX of the Demonstration Cities and Metropolitan Development Act of 1966 are closely related, but handled under separate appropriation requests.

Action Taken and the Results - To eliminate these separate appropriations by consolidation related activities under a single program, the Department has withdrawn the separate appropriation request for the Title IX Program and will consolidate that program with the Comprehensive Planning Grant Program. Certain activities authorized under Title IX will be funded under the Comprehensive Planning Grant Program, and legislation will be proposed to extend authorization for those Title IX activities which currently cannot be performed under the Comprehensive Planning Grant program.

HUD - continued

4. Delegate to Cities Approval Authority for Rehabilitation Loans

Background - Section 312 Rehabilitation Loan Program provides for loan to low income owners or tenants of substandard housing in urban renewal areas, and certain other areas, to rehabilitate the property.

Action Taken and the Results - Action is being taken to delegate to Local Public Agencies (the Urban Renewal Agency of a city) authority to approve rehabilitation loans up to \$3,500. The effectiveness of the delegation will first be tested through a pilot project in which the authority will be granted to a selected group of Local Public Agencies.

5. Decentralize Disbursing and Accounting Functions

Action Taken - In accordance with a continuing program of decentralization of authority to disburse program funds under approved requisitions, and to maintain detailed project accounting records, the disbursing and related accounting functions for the following four programs were transferred to the Regional Offices effective March 1:

Grants for Open Space Land  
 Grants for Urban Parks (Open Space Land in Built-up Urban Areas)  
 Grants for Urban Beautification and Improvement  
 Grants for Historic Preservation

Department of Labor

1. Secretary's Policy for Decentralizing Programs

Background - There is a need to delegate increased authority to the field in order to speed response at the point of delivery of services and to relate effectively to State and local officials.

Action Taken - The Secretary of Labor issued an Order establishing policy for the delegation of increased decision making authority to field establishments. The Order establishes as Departmental policy the requirements that field establishments receive program decision-making and action-taking authority, and supporting administrative authority, to the maximum feasible extent. An Administrative Instruction prescribing a step by step analysis of each program's delegation pattern will be issued to aid in implementation of the Order.

Analysis of Results - The results of these actions will be:

- a. A greater involvement by the regional and field offices in developing plans and programs which they must carry out.
- b. Additional delegated authority which will permit Federal field officials to be more responsive to local needs.
- c. A better trained and informed field staff.
- d. An improved system for evaluating the results of departmental programs functioning in regional and other field offices.

2. Reorganization of Department of Labor Manpower Programs

Background - Prior to the reorganization, which was effective March 17, 1969, there was extreme fragmentation of manpower services, caused mainly by the rapid growth of manpower activities. Of necessity, new programs have had to be grafted on to existing structures, each with its own separate funds, policies, guidelines, standards, procedures, and occasionally, organization units and personnel. This created a number of difficulties, a lack of a fully unified approach at the local and intermediate levels, and a blurring of internal line and staff relationships.

The solution to these problems appeared to be a major reorganization. The basic objective was to improve the delivery of manpower

## Labor - continued

services to the Nation by: (1) replacing the multiple program lines flowing from Washington with a single direct line of authority leading from the Manpower Administrator to the Regional Offices, (2) decentralizing operating authority and responsibility to the RMA's, and (3) strengthening the top executive management capability.

Action Taken - Major changes were made in the Manpower Administration organizational structure:

a. The Office of the Assistant Secretary for Manpower is separated from the Office of the Manpower Administrator, and by vesting in the Manpower Administrator responsibility for operational management, the Assistant Secretary is enabled to give greater attention to policy formulation and executive direction of the Manpower Administration.

b. A single direct line of authority is established from the Manpower Administrator to the Regional Offices. This clarifies responsibility, as well as facilitates access to the Manpower Administrator by the States and local communities.

c. The United States Employment Service and the Bureau of Work-Training Programs are combined into a new United States Training and Employment Service, thus creating a single consolidated organization to carry out planning, program development, and technical support for all employment, work, and training programs within the responsibility of the Department of Labor.

Analysis of Results - The reorganization will overcome the shortcomings that have been identified in the organization and will provide a structure and a plan that:

a. Provides for a better coordinated approach to the State and local levels by those introducing and administering Federal Manpower programs.

b. Offers leadership, imaginative programs, and assistance to governmental and private organizations working at State and local levels to overcome their own particular manpower problems.

c. Clearly differentiates between line and staff activities in the planning, execution, and control of programs.

Labor - continued

d. Is quick to discern national manpower needs. Provides for innovative design or modification of programs to meet those needs, and is efficient in planning and executing authorized programs and in spotting and correcting shortcomings.

### 3. Increased Intergovernmental Cooperation

Background - The Department of Labor has recognized a need to improve planning and coordination of programs in essential areas of joint interest with State and local governments and to place greater reliance on these officials for administering Federally assisted programs.

This requires more exchange of information and contact between Governors and Mayors and Department's top staff in all programs and for early and intense participation by State and local officials in planning and developing manpower programs.

Action Taken - The Deputy Under Secretary of Labor has been assigned responsibility for communicating to the Secretary and other appropriate DOL officials, the concerns and interests of Governors and local government officials, and for keeping top local and State officials informed of DOL programs and activities in their areas. He serves as DOL liaison to the Office of Intergovernmental Relations and is responsible for DOL Regional and Field Staff Committee operations, Federal Executive Board activities, and other interagency and coordinating committee activities of the DOL. These committees, councils and boards constitute a direct channel for Governors and Mayors to communicate problems and recommendations to the Under Secretary. The Secretary of Labor by letter of June 6, 1969, has also made funds available to each Governor for additional full-time State employed manpower planning staff to augment State manpower planning systems.

These systems are integrated into the Cooperative Manpower Planning System (CAMPS), which embraces all manpower related programs regardless of administering agency. State governments are expected to utilize the increased staff to develop CAMPS plans, establish advisory bodies, and develop single "umbrella" State Manpower agencies.

Labor - continued

Analysis of Results - The results realized or anticipated include:

- a. Increased involvement by Governors and Mayors with DOL policy decisions, to the advantage of the Federal, State and local governments.
- b. More consultation involving issues such as proposed legislation or reorganization.
- c. Better relations with Governors and Mayors and greater cooperation between them and the DOL.
- d. Improved manpower planning within State governments.
- e. Further development of a comprehensive manpower system.

#### Department of Transportation

##### 1. Secretary's Instruction for Delegating Authority

Background - The Department of Transportation initiated a major effort at delegating authority upon instruction from the Secretary on January 27, 1969. The Secretary stated that "an organization functions best when the authority to make decisions is placed as close as possible to the point where a service is actually performed." The Secretary expressed his intention "to delegate the authority of the Secretary to the maximum extent compatible with the effective direction and control of the Department."

The Department undertook an intensive study of possible delegations at two levels: (1) from the Office of the Secretary to the Assistant Secretaries and the Operating Administrations and (2) internally within the Administrations.

Action Taken - The Secretarial delegations were implemented on May 26, 1969, and included:

FHWA Rulemaking: Delegation to the Federal Highway Administration, the authority to issue (a) rules and regulations relating to Federal Highways, Forest Highways, Defense Access Roads,



Transportation - continued

Parkways, Parks and Trails and (b) standards, rules, and regulations relating to State Highway Safety Programs and uniform quality labeling of tires.

Funding Apportionments by State: Delegation of authority to (a) the Federal Highway Administrator to apportion funds for Federal-Aid Highways, Forest Highways, and State community Highway Safety Programs and (b) the Federal Aviation Administrator to apportion Federal aid to airports.

High Speed Ground Transportation: Delegation of authority to the Federal Railroad Administrator to (a) determine the HSGT demonstration projects to be conducted and (b) determine the HSGT research and development projects to be undertaken.

Alaska Railroad: Delegation of authority to the Federal Railroad Administrator to change general freight rates and passenger fares for the Alaska Railroad authority with respect to domestic interline freight matters.

Operating Administration's actions to redelegate authority are summarized with specific examples of decisions now being made in the field:

Federal Highway Administration identified a total of 45 new delegations in program areas and 14 new delegations in administrative and legal support areas. Examples of delegations to the field include:

Approval of right-of-way disposal.

Approval of acquisition of right-of-way and use of airspace.

Approval of Highway Planning and Research Projects.

United States Coast Guard identified 12 new delegations. Key field delegations accomplished thus far include:

Issuance of licenses to State, county, and municipal governments to permit use of Coast Guard real property as public parks and for recreational purposes.

Settlement of administrative claims and claims on behalf of the United States.

Transportation - continued

Administration of Civilian Training Programs and management of related funds.

Federal Railroad Administration identified and implemented three new delegations. The two principal delegations are:

Conduct of hearings and publication of orders by the Railroad Safety Board.

Issuance of Hazardous Materials Permits and operation of the Safety Investigation Program by the Regional Director of the Bureau of Railroad Safety.

Analysis of Results - These delegations have been made in accordance with the Secretary's objectives for implementing the Department's programs. The authority to make decisions is now located close to the point where the service is performed. The Department anticipates more effective service to its clientele and clearly discernible simplification in decision making and administrative processes.

Department of Agriculture

1. Decentralize and Streamline Meat and Poultry Inspection Programs - The Wisconsin Plan

Background - The Wholesome Meat Act and the Wholesome Poultry Products Act provides that the Federal Government cooperate with States to bring their inspection programs up to the level of the Federal program or establish an inspection program equivalent to the Federal program. The purpose is to protect the health of all consumers by inspecting all meat and all poultry for wholesomeness through the use of comparable inspection standards. The Department believed that greater cooperation between State and Federal agencies is possible and desirable.

Action Taken - The State of Wisconsin was selected to participate in a fully cooperative arrangement for meat and poultry inspection which would lead to State and Federal inspectors working interchangeably between the State inspection program and the Federal inspection program. A three-phase plan was developed beginning with integration of the top supervisory level. In Phase One, the State Administrator and the Federal Director (for the Federal program in Wisconsin) will be located in the same office space. An administra-

## Agriculture - continued

tive support staff with a mix of Federal and State employees will be set up to serve this merged top-level office. At the field level State and Federal circuits (groupings of plants under one supervisor) will be realigned to set up shared offices. In Phase Two, training and reciprocal licensing will be initiated for both supervisors and in-plant inspection employees. The Federal Government will assist in the training and certifying of State inspectors. The State will also certify trained Federal inspectors. This will allow cross utilization of employees. In Phase Three, State inspectors may conduct Federal inspection in Federal plants and Federal inspectors may conduct State inspection in State plants.

Analysis of Results - By setting up circuits containing both State and Federal plants, better utilization of personnel can be achieved with a reduction in total present staffing. When the Wisconsin Plan has become fully operational arrangements will be initiated in other States. It is hoped that all 50 States will be involved in a like cooperative agreement.

## 2. Forest Service Organization Adjustments

Background - Expanding programs to meet increased demands upon resources of the National Forest System (187 million acres of public lands) together with increasing intensity and complexity of management, prompted a review of existing unit size and organization patterns. The District Forest Ranger, the basic National Forest System land manager, needs specialized staff assistance.

Action Taken - An extensive study was initiated with three primary objectives:

- a. To determine whether a relationship existed between organization unit size and effectiveness.
- b. To develop criteria to determine the acceptable organization unit size range.
- c. To establish procedures for evaluating each organization unit or combination for desirability of change.

Analysis of Results - A new policy on the size of Ranger Districts was established. A reduction from 822 to 785 Ranger District units

## Agriculture - continued

will have been accomplished by June 30, 1969, through staff consolidation and boundary adjustment. In each case the District Ranger will now have a more competent technical staff to assist him in cooperative effort with local governments and providing maximum service to the public. This increased staff competence will also provide a basis for increased delegation of authority to the District Ranger.

## Department of Justice

1. Crime Strike Force in New York City

Background - New York City has the largest concentration of organized crime in the nation. The separately organized crime control groups of the Federal, State and local authorities have been less effective than a combined strike force approach. In addition, the strike force provides a more efficient vehicle for adding the necessary personnel and facilities. The new strike force will provide a means of enabling the Federal Government to make its experience and expertise available to State and local authorities on an ongoing day-to-day basis.

Action Taken - Ten Justice Department attorneys and eight clerical personnel will be the nucleus of this new strike force. The force will be made up of additional personnel from State and local prosecutors offices, several other Federal and non-Federal investigative agencies and local police. Policy and direction will be provided by a council which will meet locally and be composed of top Federal, State and local prosecutive and enforcement officials. Particular emphasis will be placed on crime arising from New York's position as the nation's largest seaport.

Analysis of Results - The ultimate goal of this strike force is to attack the New York concentration of interstate organized crime so that a combination of its activities and other strike force and enforcement activity will reduce the scope of operation of organized crime. The intention is to bring this to the point where necessary control can be effected by State and local authorities except where there is a direct violation of Federal law. This Federal-State-local structure will be used for additional strike forces planned as part of the Department's long-term objectives, if effective here.

Justice - continued

2. Community Relations Service Decentralization of Technical Assistance

Background - Community Relations Service personnel with technical support skills and expertise were capable of implementing headquarters programs but had less capability for quick and efficient delivery of necessary support to community field representatives, local officials, and functioning community groups. This gap was most apparent in situations where local need or local initiative took precedence over an established Federal program. Also, regional directors and other personnel had been working principally with municipal government officials, while headquarters personnel handled Federal interagency liaison problems.

Action Taken - Since the latter part of 1968, three support specialist positions have been shifted from Washington to regional offices, and three more specialists are being recruited and should be on board in regional offices by June 1, 1969.

Regional directors have been advised to have their offices work closely with State officials instead of concentrating primarily on assistance to municipalities. (They will, of course, continue to work at the municipal level.) This spring, a State and local agency section of the Service was established to provide aid to the regional directors in this effort. Procedures are being developed to enable the regional directors to perform the functions necessary to conduct interagency Federal agency liaison.

Analysis of Results - Indications already point to more efficient and quicker technical expertise delivery through the greater use of field locations. If this result continues, additional personnel will be recruited for existing regional offices as well as new regional offices planned. More experience is required after liaison is fully established to determine if the proper mix has been made of rendering expert assistance to State and municipal units.

Finally, more effective liaison will be achieved with other Federal agencies especially with agencies' field offices, when it is conducted by regional directors' offices.

## Department of Commerce

1. Realignment of Field Organization of the Coast and Geodetic Survey

Background - The primary field structure of the Coast and Geodetic Survey, Environmental Science Services Administration, consisted of two Marine Centers and five Field Directors.

A review of the field structure was conducted to determine whether improvements could be made in operating efficiency by consolidating or eliminating organizational elements. The results indicated that certain services could be centralized with benefits in operating costs and without lowering the quality of service. This, in turn, would permit the consolidation of some offices in the field. The overall effect would be a significant streamlining of the field structure of the Coast and Geodetic Survey.

Action Taken - One of the primary organization changes was to place all geodetic field survey work under a single Field Director at Kansas City, and to abolish or change the status of the remaining four offices of the Field Directors.

Another significant action was the elimination in the field of the function of distributing charts to authorized agents. This has been performed by the offices of the Field Directors at San Francisco and Kansas City and by the New York field office. Under the new procedures, charts will be distributed to authorized agents directly from Washington which will put the charts in the hands of users more rapidly. Based on this change to a centralized chart distribution system, twenty-eight positions are being transferred to Washington. Furthermore, this action permits the abolishment of the field office at New York.

Results - These organization changes were approved to become effective July 1, 1969. Full implementation of this reorganization will result in a savings of \$117,000 and ten positions, a reduction which is reflected in the Fiscal Year 1970 budget for ESSA. It should also be noted that the number of offices reporting directly to headquarters has been reduced from seven to three.

## Office of Economic Opportunity

1. Decentralization of Finance and Accounting Operations

Background - Since the establishment of the OEO's regional offices, the finance and accounting functions had been centrally controlled in the Finance Division at headquarters. Vouchers were audited and certified for payment at headquarters, and there was duplication of records at the regions and headquarters.

Action Taken - Three separate tests were made as follows:

## a. Austin Regional Office:

Vouchers under \$100 were paid locally under the imprest fund. Vouchers over \$100 were still forwarded to headquarters.

## b. San Francisco Regional Office

A cross servicing of auditing was tested whereby the Internal Revenue Regional Office in San Francisco audited OEO's regional office vouchers and headquarters still made the payments.

## c. San Francisco Regional Office

Following the test in b., above, San Francisco was then tested in performing the entire auditing and payment functions.

Analysis of Results - As a result of the analysis of these tests, three of OEO's seven regional offices (San Francisco, Austin and Kansas City) are now responsible for all accounting entries with direct input to centralized records including the audit and payment of vouchers. No increase of personnel at the regional level was required.

We intend to implement this system in our other regions by December 1969 and after the complete implementation of these process improvements a reduction of headquarter's personnel in the Finance Division will be possible.

2. Incremental Delegation of Field Contracting Authority to the Regions

Background - Prior to April 1969, the OEO regional offices were restricted to administering, executing, and approving contracts

OEO - continued

not to exceed \$2500. This restriction prohibited the regions from negotiating contracts urgently required to perform their day-to-day operations. Valuable time was lost in contracting headquarters and waiting for headquarters to complete normal contracting process.

Action Taken - As a result of recommendations of a Task Force on personnel utilization, each region was allocated a position for a Contract Administration Officer on June 3, 1968. The Chief of Procurement Division issued a memorandum to all Regional Administrators giving each region \$75,000 to be used for executing a region-wide training and technical assistance contract and delegated authority to negotiate to the Regional Contract Administration Officer.

Analysis of Results - Each region will be able to obtain the best and most reasonable services to train and give technical assistance to all CAP operations including Head Start and Follow Through.

Regions can proceed as quickly as their individual progress allows. Experience will be gained in administering, executing, and approving contracts above \$2500 and eventually full contracting authority can be delegated to the regions.

#### Small Business Administration

##### 1. Processing Procedures

Background - Rapid growth and change in programs, both in scope and objective, coupled with resource restrictions resulting from the Expenditure and Control Act of 1968, has placed a severe strain on the organization's ability to always respond on a timely and effective basis. In keeping with the objective of improving the paper flow and processing time, we have documented and analyzed procedures in effect in the Washington Regional office.

Action Taken - In order to accomplish this study the factfinding process in the Washington Regional Office included:



SBA - continued

- a. Documentation and analysis of current loan processing procedures from the point of applicant interview through actual servicing of loans.
- b. Collection and analysis of processing time statistics from a random sampling of loan case records.
- c. Review and analysis of existing directives and identification of SBA policy and procedural and time requirements for processing loan applications.
- d. Development and analysis of procedural flow charts of current operations.

Analysis of Results - This review had indicated that there exists a considerable time span required to process loan applications from receipt to loan closing. While this review has identified a problem area some of the causative factors may be attributed to the borrower due to his failure to meet all requirements as well as the reluctance of the banks to take prompt closing action. In any event, the solution of this identified problem will require much investigation and effort in order to enable SBA to reduce the time required to process loan applications through the receipt-loan closing cycle. This plan of action will be further developed over the ensuing 12 to 18 months as part of the SBA long-range plan for achieving more effective decentralization and streamlining of Federal programs under the President's directive.

### 3. Decentralization of Function

Background - In keeping with our efforts to provide maximum authority to our field offices in connection with administrative activities, we are in the process of decentralizing our forms control programs. At present forms for use in field offices must be submitted to the SBA Central Office for review and approval prior to implementation by field offices. The reordering process for stock forms must also clear through the Central Office for approval prior to restocking.

Action Taken - In order to eliminate the time consuming and duplicative handling review and approval process, it is proposed that authority for conduct of the forms control process be vested in our regional offices.

SBA - continued

To provide for adequate Central Office forms management control under the decentralization, field offices will furnish the Office of Organization and Management with copies of their local forms. These will be maintained in various "functional use" form files. The functional form files will be post-reviewed periodically to determine if certain similar field forms with extensive usage warrant the design and issuance of an SBA nationwide form in replacement thereof. Also conversely, to identify those local forms on which there is little usage or apparent need, and to direct the field relative to elimination of such forms.

Analysis of Results - Decentralization of the forms management program to the field offices will place responsibility and authority at the lowest level of operations consistent with good management principles. Duplicative review by higher authority in the Central Office will be eliminated, but responsibility for review and analysis by the onsite administrative staff and originating supervisory personnel will be increased.

## FUTURE ACTIONS - THREE YEAR PROGRAM

The initial actions of the agencies in simplifying Federal assistance to States and local communities provide the basis for the overall long-range effort that will now be undertaken to achieve the objectives which the President established in his memorandum of March 27, 1969. Organizational changes, particularly those affecting field structure and regional realignments must be completed. Additional streamlining of procedures will occur after existing processes have been more carefully analyzed. The complex problems encountered in producing significantly improved delivery systems yet require extensive study to devise adequate improvements. More effective working relationships between Federal and State and local agencies must continue to develop as State and local officials become more active participants in the administration of Federal assistance programs because of further decentralization by Federal agencies. In short, much work remains which will require concentrated effort for at least the next three years.

Major reliance for the long-range effort will be placed on the agencies since they possess program responsibility. A number of programs cut across agency lines as do many administrative problems, so there will be collaborative effort in devising meaningful improvements. Some long-range joint efforts are already underway and others are contemplated. Oversight of the long-range plan is given by the Steering Group with each agency developing its own mechanism for effecting its internal plan. For example, several departments, including Transportation and Agriculture have formed a central steering group or a high level intra-agency committee for this purpose.

To achieve effective streamlining of Federal programs, a comprehensive analysis of the management process will be undertaken. In sum, the long-range plans of the agencies contemplate examining formulation of policy, organizational structure, assignment of responsibility and delegation of authority for decision making, promulgation of guidelines, the full range of administrative procedures, flow of funds, the roles to be played by State and local governments and pertinent public interest groups, program controls, and evaluation of program results. Many actions planned for the long-range effort are a continuation of those which have already begun leading to decentralization and delegation,

process simplification, and greater reliance on State and local governments for detailed administration and participation in program planning. Illustrative specific agency long-range projects and some interagency efforts are listed under topics which describe the principal elements of Federal program management.

#### Policy and Program Planning

Placing responsibility for program operations and decisions at the level closest to the public consistent with effective and responsible performance requires agencies to reassess their policy and program planning processes. Both intra and inter-agency projects underway involve assessment of the planning system to assure a balanced consideration of priorities, development of effective mechanisms at all levels, relating to other Federal, State and local programs and developing ways to involve State and local officials as well as representatives of public interest groups. Examples include:

Health, Education and Welfare - HEW is undertaking a two-pronged approach:

1. One effort is attempting to define more precisely, clarify and communicate more effectively the Department's missions, goals and plans so that needed changes can be effected at all levels in the way the Department conducts its business. Major objectives of this effort are to make the Department more responsive to Secretarial direction and more flexible in redirecting its efforts in high priority areas.
2. A pilot operational planning system with emphasis on field centered planning and control processes to guide, control and evaluate HEW program efforts on a current or daily basis is being developed and will soon be tested. If the system proves successful, it will be installed in all HEW regions by Fiscal Year 1971.

Department of Labor - DOL is developing a Manpower Administration Management System which will give State Governments and DOL field offices increased responsibility for regional planning, programming and budgeting. As a related effort, Labor is extending its data base from an orientation primarily concerned with national aggregate totals to one where regional and local data can readily be retrieved. Labor also plans to establish computer based systems for measuring the social needs of target groups and to develop measures through which program progress and needs can be pinpointed for field managers.

Two interagency task forces are studying Planning Assistance and Planning Requirements. They will report to the Bureau of the Budget through the Interagency Planning Assistance and Requirements Coordinating Committee which was established in 1967 by the Secretary of Housing and Urban Development to monitor and provide interagency oversight of emerging planning requirements and planning assistance programs.

1. The Task Force on Planning Assistance is concerned with the 30 to 40 Federal assistance programs in which the discrete funding of planning is authorized as a vital part of a functional grant program. Key study efforts include:

- a. Describing the principal aspects of planning assistance programs;
- b. Identifying typical problems encountered by grant recipients;
- c. Developing criteria for guiding planning assistance program consolidation and simplification; and
- d. Formulating recommendations for appropriate legislative and administrative means of achieving planning assistance consolidations and simplifications.

2. As a separate effort, the Planning Requirements Task Force is concerned with seeking simplification, consolidation, and standardization of the planning process for those assistance programs which require the submission of plans, but which involve no specific funding of the planning process. Principal study objectives include:

- a. Defining the approach for grouping planning requirements;
- b. Developing sets of Government-wide planning requirements;
- c. Determining legislative and administrative obstacles; and
- d. Formulating recommendations for necessary legislative and administrative changes.

#### Organizational Structure

The long-range study of organizational structure by the agencies focuses upon developing more effective field organizations with two principal aims:

1. To develop organizational forms which will relate more closely to other Federal agencies and work more effectively with State and local governments as well as public interest groups.
2. To provide the Department or agency with more cohesive representation in the field.

All nine agencies have long-term projects underway in this area. To illustrate:

Department of Commerce - To facilitate mutual assistance, administrative efficiency, and coordination of its separate programs in the field, the Department of Commerce is developing a long-range plan for locating the field establishments of different Departmental organizations at the same address. Depending upon the operating requirements of each program, location will probably involve transfer of some field offices from one locality to another. In appraising opportunities for concentrating its field operations, the Department will accommodate to the standard Federal regions and regional cities wherever possible.

Department of Transportation - In preparation for its effective participation as a member of the ten Regional Councils, the Department is:

1. Designating its Field Coordination Group Chairmen in the ten Regional headquarters cities as interim Department of Transportation representatives to Regional Councils.
2. Including in the Fiscal Year 1971 budget a plan for obtaining the manpower resources required to establish Secretarial representation in the ten standard regions.
3. Developing specific plans for participation in the work of the Regional Councils.

Department of Justice - The "strike force" concept of combatting organized crime now operating in nine key cities will be supplemented by four additional Federal strike forces in Fiscal Year 1970 and seven during Fiscal Year 1971. If the combined Federal, State and local strike force just established in New York City operates successfully, some or all of the new task forces will be set up in this form.

Department of Labor - Labor plans to improve coordination of its programs at the regional level as follows:

1. The role of the Chairmen of DOL Regional Staff Committees will be strengthened and the chairmen will be given responsibility for region-wide coordination of the Department's programs. They will report directly to the Under Secretary.
2. Existing and alternative means for providing representation for the Secretary in regional office cities will be reviewed.
3. The Wage and Labor Standards Administration will assign one official in each region responsibility for coordinating on a region-wide basis. This action will consolidate six separate line channels into one line from the National Office to the regions.

All agencies have studies in progress to determine (1) the feasibility of achieving conformity or accommodation of their various field structure elements with the ten standard regions and (2) delegations of authority for decision making beyond those already accomplished or now being implemented. For example:

The Urban Mass Transportation Administration of the Department of Transportation is planning to establish regions which fully coincide with the ten standard regions, and the National Bureau of Highway Safety is developing plans to decentralize its operations to the lowest possible level, with as much authority as possible given to the states.

The Law Enforcement Assistance Administration of the Department of Justice plans to establish approximately seven regional field offices which will conform to the boundaries of one or more of the ten standard Federal regions.

The Department of Agriculture plans to examine its twenty-nine separate patterns of field organization boundaries to determine what adjustments can be and should be made to coincide with the ten standard regional boundaries, with due consideration to operational factors.

Small Business Administration is now engaged in a long-range study of various administrative actions pertinent to programs and administrative operations with a view to placing final authority at the lowest level of operations commensurate with sound management practices.

### Program Consolidation and Coordination

Progress in program consolidation is related to an appreciable extent to passage of the President's proposed grant consolidation legislation and the identification of intra and inter-agency programs suitable for consolidation. For the most part, agency plans for this area have yet to be developed, but some program consolidation activities are underway. To illustrate:

Health, Education and Welfare has a grant consolidation project in process which includes a review of proposals made and development of new proposals and concepts for consolidation of grant programs to permit greater flexibility and decentralization of decision making to the local level.

The Department of Labor has had as a long-range objective the inclusion of previously separate but functionally related bureaus and offices into single Administrations. The organizational alignment of Administrations of the Department at the national office level has been completed. The Manpower and the Wage and Labor Standards reorganizations each combined activities previously funded by several appropriations with different legislative bases. The Department is now developing a unified budget structure and with the Bureau of the Budget is examining the present appropriation structures to reduce the number of accounts. In the program area, the Manpower Administration plans to develop a proposed simplified legislative base.

Under Executive Order No. 11466 of April 8, 1969, the Director of the Bureau of the Budget is now authorized to select one agency to administer some projects provided for under the Economic Opportunity Act of 1964 and the Juvenile Delinquency Prevention and Control Act of 1968 and which are funded by a number of agencies. This joint funding arrangement facilitates coordination and simplifies the processes of project administration. Under the Order pilot joint funding projects will be undertaken to provide experience upon which to base broader application of simplified administrative processes and further Bureau of the Budget regulations as needed. Additional impetus to joint funding arrangements could come with passage of general legislation on joint funding now pending before the Congress.

### Procedural Streamlining

This central aspect of the simplification effort has and will continue to receive major attention from all agencies. Many significant projects are ongoing or planned. To illustrate:



Process Charting - Each agency will make a detailed examination of the work processes involved in each significant Federal Assistance program carried out through State and local governments as well as other Federal programs that have a significant impact at the State and local level. Systematic and standardized basic data, process charts, and other graphic presentations will be made on each of these programs which will include information on

1. the significant forms, documents, basic factual data and other inputs into the process;
2. each step in the process including elapsed time from the initial proposals to the final delivery of the funds, services or facilities; and
3. the decision, review, and operational points by organization involved in the process.

Development of the basic data and process charts will provide agency management with a basis for evaluating and improving the patterns of program and administrative delegations of authority, utilizing agency manpower, streamlining procedures, gaining consistency in procedures by function, cutting red-tape through simplification, strengthening program coordination, and speeding the delivery of program benefits to State and local governments.

In addition, agencies and the Steering Group will use standardized summary information on the program processes for three purposes:

1. as benchmark information on all significant Federal program processes developed in a systematic and standardized format;
2. as a basis for evaluating the impact of agency simplification and improvement efforts in terms of processing time, decision points, coordination arrangements, and other measures of effectiveness; and
3. to permit systematic network analysis of program interrelationships and interfaces to identify potential areas of program and grant consolidations, greater reliance on State and local governments, and joint funding and other program simplification possibilities.

Work plans of the nine agencies call for the detailed examination and charting of the work processes in selected program areas on a pilot basis from July through September. By the end of 1969, this effort will extend to all other significant Federal programs.

In addition to the Task Forces on Planning and Assistance and Planning Requirements there are three other functional areas receiving interagency attention - Model Cities, Financial Management and Auditing. These special efforts have as their objectives the development of standardized, functional approaches across agency lines and a general simplification of procedures.

Within the agencies, projects designed to produce procedural streamlining and simplification include the following by way of example:

1. Small Business Administration - Extension of the current review of loan processing procedures to all SBA regional offices with the objective of eliminating duplicative and unnecessary handling of loan applications and streamlining and standardizing processing operations.
2. Department of Housing and Urban Development - Has a comprehensive analysis underway of key agency programs which will evaluate present methods of operation on the basis of management objectives, identify operating deficiencies, and develop required improvements.
3. Department of Agriculture - Has started some fourteen projects within the specific operating agencies of the Department which have the general objective of simplification of program processes.

#### Personnel Motivation and Training

Successful delegation efforts and greater reliance on State and local governments for participation in planning and administration of Federal assistance programs will depend extensively on getting adequately qualified, trained and motivated people into the field. This is an area which will soon gain increased agency attention. The following projects are now in the planning phase:

Task Force Pilot Studies - Paralleling the nine agency effort to analyze in depth current processes utilized in Federal assistance programs, several field pilot studies are also being planned.

These studies on what is being done and what can be done to bring the Federal, State, and community personnel, resources and programs to bear in a unified way on local, regional and State problems as they exist and are known and understood at that level.

Current experience of what has happened, and what is happening in large and small metropolitan areas, and in the States to make the delivery systems more effective and more responsive to the actual problems and needs of the people involved can be a most valuable source of information. These pilot studies will capture this experience on a systematic basis and experiment on a limited scale with

1. new approaches in training and sotivation of personnel;
2. arrangements for coordination and participation; and
3. novel arrangements in organization and management - primarily from the on-site viewpoint of what works effectively on on-going programs.

Answers will also be sought to such questions as:

1. Why do some programs work better than others?
2. Is it the quality of the program or the amount of funds which makes the difference between success and failure?
3. Are various programs too fragmented or unrelated to allow an overall attack on the problems confronting a community or individual recipient of assistance?

One pilot approach is currently being conducted under the sponsorship of the New York Federal Regional Council and State and local agencies in Spring Valley, New York. In this instance, the community is faced with a potential crisis situation but has only limited resources or staff competence to make effective use of existing local, State and Federal programs. The project's key objective is to develop a local capability to plan and obtain resources. Other pilot studies will be undertaken over the summer months in selected communities and at State level.

Department of Justice has developed plans for expanding its training programs for State and local officials as follows:

1. Increase the capacity of the FBI National Academy for training from 200 to 2000 law enforcement officers at its new and enlarged training facility under construction on the Marine Corps Base at Quantico, Virginia.
2. Increase annual enrollments in the Bureau of Prisons correspondence course for jailers from 3,100 to 10,000.
3. Increase scheduling at the Bureau of Prisons In-Service Correctional School for Law Enforcement Personnel from 100 to 400 per year and broaden the curriculum to include jail operations and programs, residential center operations and programs and specialized technical services in correctional institutions. Also greatly increased consultations in various aspects of correctional institution operations and management are being planned.

#### Evaluation and Control

Decentralization and delegation of authority for decision making highlights the need for developing suitable evaluation and control techniques which will enable agency top management fully to exercise overall program responsibility. Essentially this involves creating a system that provides headquarters with timely and informed judgments about the effectiveness of field operations. In part, this can be achieved through an effective management information and reporting system based upon timely and pertinent documentation and records that flow between the various organizational levels regularly and systematically. An anticipated by-product of the streamlining and simplification process will be a revamped reporting system which will fit into the general management information system being developed in a number of agencies. Two examples illustrate this effort:

Department of Agriculture - The Forest Service is developing a management information system to provide coordinated processing of information needed by management to plan, operate and control its programs more effectively.

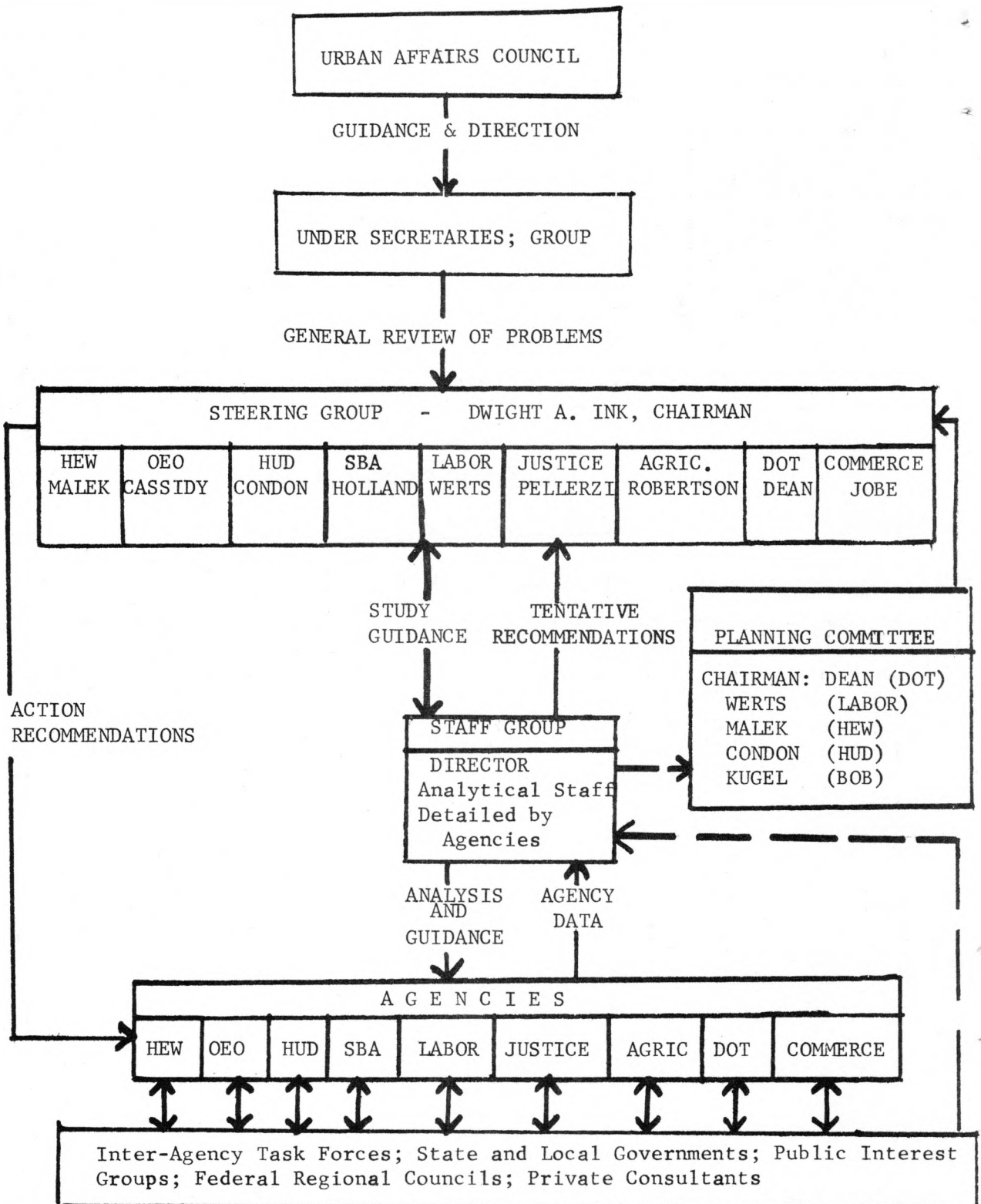
Department of Justice - The Executive Office for United States Attorneys is seeking to obtain authorization for four additional attorneys to serve as Regional Assistants. Their function will be to provide a continuing review and evaluation of case flow in

U. S. Attorneys' offices, by coordinating priorities between Washington and the field, by reviewing operations and monitoring the overall effectiveness of U. S. Attorney's offices, and upgrading the Department's management information system.

Department of Labor - Plans for making the program control and evaluation aspects of Labor's management system more effective include orientation and training in the Department's new program structure, a system of comprehensive management audits, continued improvement of the management information system and improved methods for disseminating research results related to program evaluation.

SCHEMATIC CONCEPT OF THE  
SIMPLIFYING OF FEDERAL ASSISTANCE  
TO STATES AND COMMUNITIES PROJECT

SCHEMATIC CONCEPT OF THE SIMPLIFYING OF FEDERAL ASSISTANCE TO  
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A CONCEPT OF DECENTRALIZATION

This statement of "A Concept of Decentralization" was developed by members of the Steering Group and the staff to promote common understanding of the management implications of this objective.



## A CONCEPT OF DECENTRALIZATION

In his March 27, 1969, memorandum the President directed the heads of the departments and agencies most involved in assistance to States and communities to undertake action to bring about greater and more uniform decentralization of Federal programs. The President stated that such actions are essential for streamlining assistance to States and communities and for improved interagency coordination and that greater decentralization would contribute to closer and more effective cooperation and coordination between Federal agencies and State and local governments. The President's intent is clear -- decision making is to be placed as close as possible to those directly responsible for delivery of services.

This paper sets forth the conceptual framework of what is meant by the term "decentralization". Decentralization is an important aspect of the overall effort to streamline Federal programs and to reduce program management costs to a minimum. The failure to decentralize the decision making authorities dilutes the policy formulation and program planning functions of the headquarters. Also, to the extent that the headquarters office is involved in day-to-day operating details, it is not in a position to perform its control and evaluation roles objectively. The major purpose of decentralization is to bring about the most effective administration possible of domestic programs which entail annual expenditures of many billions of dollars.

### General Principles for Decentralization

Decentralization means placing responsibility for program operations and decisions at the level closest to the public consistent with effective and responsible performance. The Federal field officials are more accessible to States and communities and are in a position to have a better understanding of their problems. This means that the head of each agency must delegate authority granted to him by statute or executive action to field officials. Decentralization is dependent upon such delegation of authority. The level to which authority may be delegated will vary among programs and agencies -- it is neither necessary nor desirable to have complete uniformity. Some actions should not be decentralized. But it is essential to make the commitment at headquarters that Federal field personnel and State and local government officials will have the program and financial authority they need to respond to public needs and to coordinate related programs within the policy guidelines provided by the Congress, the President, and the agency heads.

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This statement of "A Concept of Decentralization" was developed by members of the Steering Group and the staff to promote common understanding of the management implications of this objective.

In delegating authority, the head of the agency must first be sure that there is a clear body of policy and, as appropriate, procedural guidelines to assure the consistent and intelligent application of delegated functions. He must also be certain that field officials are qualified to handle the authorities delegated. Decentralization and delegation do not in any way reduce the authority or ultimate responsibility of a headquarters official for what happens under his program.

The head of the agency must also provide machinery to evaluate, audit and inspect the effectiveness and integrity of the actions taken under a decentralized program.

Decentralization does not and cannot mean a loss of control. In fact the more operational authority delegated, the more the head of the agency must build the means to inform himself, the President and the Congress of the quality of stewardship being exercised under the conferred authority. Therefore, the placement in the headquarters of the agency of functions such as internal audit, systematic program evaluation, and investigation of illegal or unethical conduct is wholly consistent with decentralization. Management information systems play a critical role in making decentralized organizations function smoothly and responsibly.

Based on these general principles, we now turn to the more detailed considerations involved in effecting decentralization of Government programs.

#### Major Issues in Decentralization

(1) Policy and program planning: There must be effective policy and program planning at the National level which provides for an adequate opportunity for consultation with Federal, State, and local field officials and which takes into consideration needs and proposals identified by them. This includes planning related to effective management of the agency's resources, for it is only at this level that all activities affecting agency budgets can be pulled together. Decisions resulting from such planning must be disseminated as early as possible to all levels of the organization so that the affected officials can adjust their plans and actions as required.

(2) Improvements in field management: For decentralization to work effectively and serve the needs of the customers there must be an effective and responsive organization, reaching from the "home office" in Washington to the lowest operating element in the field. For some this may mean traumatic changes in operating methods which have been in place for long periods of time. It also means the placing of the most capable managers in the jobs where the most authority is vested. This too creates the need for new thinking in terms of the movement of personnel and career progression patterns. Agencies should periodically examine all authority with which they are vested and ask the question "why not delegate?". Without such close and continuing scrutiny decentralization will not be attained or, if once achieved, will be eroded.

Delegations of program authority should be accompanied by appropriate delegations of administrative authority. If the field manager is to perform his functions effectively he needs the maximum authority permissible to manage his personnel and to tailor his administrative program to fit local program needs.

(3) Inter-program relationships: Sound arrangements must be worked out for inter-program coordination at each organizational level, with particular emphasis on strong and effective relationships at the local level. New opportunities for inter-program and interagency action at and between Federal, State, and local levels will follow from greater decentralization of Federal programs. Also, new coordinating mechanisms will be required. The danger of program fragmentation must be avoided, and decentralization should ultimately provide for a broader range of interagency understanding and cooperation.

(4) Evaluation and reporting systems: Earlier discussion dealt with the need for evaluation and control systems to keep the "home office" and the Congress adequately informed as to what is actually going on. These systems should be in place as authority is delegated, but agencies should closely examine existing evaluation capabilities before proceeding to establish new capabilities. Capability in the form of audit services, contract administration services, etc., may exist in other Federal, State or local agencies which can perform the service on an acceptable basis. Here, too, careful attention should be devoted to avoiding duplication in evaluative efforts. If a lower level has performed evaluation, it may be tested for validity and used rather than repeating what already has been adequately performed.

In highly decentralized operations it is important that formal evaluation systems, such as substantive program reviews, be supplemented through field visits by headquarters officials and information reporting systems which provide a prompt and meaningful flow of information to headquarters. Careful attention must also be given to the development of methods for making public announcements of actions, with special emphasis on Congressional interests. Individual Congressmen will expect and have the right to receive equal or better information than they have received in the past concerning Federal activities in their districts.

#### Constraints on Decentralization

In discussing decentralization it is also appropriate to speak to some issues which do not lend themselves to decentralization and to some of the constraints which must be faced. While arrangements must be made for efficient access to support and specialized staff capabilities such as legal, procurement, data processing and engineering appraisal services, etc., this does not mean that such service cannot be centralized at appropriate offices when effective services can be rendered at less cost. Agencies must therefore be on guard against over fragmentation of service-type functions in the name of decentralization. The following are some other broad external constraints which must be faced and resolved satisfactorily if this decentralization program is to become truly operational:

- (1) Delays and uncertainties in funding and program decisions by Congress and the headquarters of the departments and agencies. This includes program cutbacks, personnel and expenditure changes and ceilings and changes in program emphasis and program objectives.
- (2) Program fragmentation among and within Federal agencies that does not mesh with or relate to the basic program needs of the States and cities.
- (3) The failure of State and local governments to coordinate their needs and planning, to provide their share of funds or take other preliminary action steps.
- (4) Differences between Federal and State and local provisions concerning funding periods, statistical background data, matching formulas, etc.

(5) Audit programs which are narrowly oriented to specific Federal program and procedural requirements rather than to the problems, program needs and realities of State and local government.

Each agency, though reaping the benefits of decentralized management, will also have to face up to the inevitable difficulties arising from poor and unwise decisions which will be made from time to time by field managers. These instances, though particularly disturbing at the time of occurrence, do not detract from the value of decentralization. Decisions are often adjudged to be "poor" or "unwise" after the fact and there is no assurance that top management would not have made many of the same decisions under the same or similar circumstances. Often dubious field decisions could have been prevented had there been better guidance from headquarters.

Finally, hand-in-hand with this effort to decentralize, we will be giving further thought to the role of an agency headquarters under a decentralized program and administrative system. A proper balance must be found between the functions of policy formulation and program planning and evaluation on one hand and program operations on the other to assure that senior departmental officials continue to exert an appropriate influence on the conduct of national programs.