

EXECUTIVE OFFICE OF THE PRESIDENT
PRESIDENT'S ADVISORY COUNCIL ON EXECUTIVE ORGANIZATION
WASHINGTON, D. C. 20506

October 26, 1970

MEMORANDUM FOR

THE PRESIDENT

SUBJECT: The Executive Office of the President - An Overview

Thirty-one years ago, the Executive Office of the President was created to give the President immediate staff assistance and direct control over the managerial functions of the government.

That part of the structure of the Executive Office which carries out these managerial functions has been reexamined during the past year. Reorganization Plan No. 2 has made possible basic changes that are required by the circumstances and priorities of these times. There remain three important steps yet to be taken with respect to the organization of the Executive Office to insure that it serves the current needs of the President more effectively. They are:

1. To carry out necessary actions for realizing the potential of the Office of Management and Budget,
2. To abolish, transfer or merge certain activities of the Executive Office,
3. To establish the Council for International Economic Policy proposed in our Memorandum on Foreign Economic Policy of August 17, 1970.

These are the subjects of this Memorandum.

The proposals we make in this Memorandum, if implemented, would reduce the number of units within the Executive Office from sixteen to nine and the staff requirements from an estimated 4,000 at the present time to 1,500. (See Appendix A)

TO CARRY OUT NECESSARY ACTIONS FOR THE OFFICE OF MANAGEMENT AND BUDGET

The Office of Management and Budget has been charged with providing the staff support needed to see that Presidential policies and programs are translated into meaningful action. To this end, the Office of Management and Budget has been delegated the tasks of preparing the budget and many legislative proposals, evaluating programs, assigning organizational responsibilities, creating programs for the development of executive personnel and developing adequate management information systems.

To assure needed strength in the Office of Management and Budget's managerial functions without weakening its important budget activity and to assure responsiveness to Presidential policy, early implementation of the recommendations made to you in our Memorandum of October 17, 1969, is required. These recommendations are to:

1. Amend the Executive Pay Act to increase the number and change the mix of executive level positions in the Office of Management and Budget. (Detailed in Appendix B)
2. Add additional staff to improve and expand the management capabilities of the Office of Management and Budget. (Detailed in Appendix B)
3. Delegate certain ministerial functions of the Office of Management and Budget to other agencies.

TO ABOLISH, TRANSFER OR MERGE CERTAIN ACTIVITIES OF THE EXECUTIVE OFFICE OF THE PRESIDENT

Since 1939, when the Executive Office was established, it has grown from four to sixteen organizational units and from 570 to approximately 4,000 employees. In the past seven years alone, twelve units have been created -- one was split off from an existing unit and two have been merged into a new unit -- but none has been eliminated. (See Appendix C)

Today's problem is that through time, the original concept of the Executive Office has been lost. Instead of remaining an organization committed to providing policy, program and management staff support for the President, the Executive Office has evolved into a miscellany of activities often unrelated to these requirements of the President. These units impinge on the time and attention of the President and blur the understanding of the role of the Executive Office throughout the government and the electorate.

The effectiveness of the Executive Office is determined as much by what is excluded as by what is included, by the demands its components make on the President's time and attention and by the extent to which its functions are understood by all within the Executive Branch.

The unique strength of the Executive Office, however, is that it is the only place in the Executive Branch where all views may be considered from a government-wide perspective. It alone has the capacity to anticipate and deal with interagency and inter-governmental matters, assignment of responsibility, integration of policy, coordination of programs, and resolution of disagreements.

This capacity can be diluted by including permanently within the Executive Office units which operate programs or units whose purpose is to advocate one group of programs over another or the position of one constituency against another. The Executive Office, with rare exception, therefore, should not include units which serve such operating or advocacy roles. The exceptions concern specific issues of great importance which may arise from time to time and require, for a limited period, personal Presidential attention. The Council on Environmental Quality, when it was created, is an example.

In addition, inappropriate functions are occasionally added to the Executive Office motivated by the belief that activities associated directly with the Executive Office of the President receive greater attention and prestige and as a result achieve more than if they were placed in operational agencies. This unique positioning can signal the current importance of a subject and can provide protection for new activities which require special nurturing. But these attributes accrue only so long as the placement of functions in the Executive Office is not overused. The prestige of Executive Office placement is diluted if inappropriate functions are placed there or if activities or functions which no longer require such organizational identification remain there. As we have pointed out in our Memorandum of August 20, 1969:

Placing a unit in the Executive Office at a level immediately under the President may well raise its effectiveness by investing it with a claim on the President's time and attention. But that positioning must be at the expense of his attention to other activities and this may result in a net loss of overall effectiveness.

In brief, [the units of the Executive Office should be restricted to those which perform functions that are an integral part of the President's overall management role, which regularly require the President's attention or for which the President

requires close range staff support. As the Brownlow Committee put it thirty years ago, the Executive Office should perform only those functions the responsibility for which cannot be delegated by the President.

We believe an Executive Office built on these concepts can make and keep the work of the President more readily manageable.

Consequently, we propose that certain functions and units of the present Executive Office of the President (1) be merged with other Executive Office units, (2) be transferred or combined into other agencies in the Executive Branch, or (3) be abolished.

Appendix D states at greater length our reasons for each of these actions. Our recommendations are: 1/

- Abolish the Office of Emergency Preparedness and reassign its functions.
- Abolish the Office of Economic Opportunity and transfer its operating programs and management functions to Executive Branch agencies or to other units in the Executive Office. (This subject will be covered at length in our memorandum to you on the organization of the social and economic programs.)
- Abolish the Office of the Consumer Adviser, the Marine Council, the National Aeronautics and Space Council and the Council on Youth Opportunity and move some of their functions to remaining units within the Executive Office or to other agencies.
- Abolish the Office of Intergovernmental Relations and transfer its functions to the Office of Management and Budget.

1/ The Office of Telecommunications Policy, recently established in the Executive Office, has not been covered in this Memorandum. We urge that placement of this office in the Executive Office be restudied by the Office of Management and Budget in line with the concepts enunciated in this Memorandum.

TO ESTABLISH THE COUNCIL FOR INTERNATIONAL ECONOMIC POLICY

In our Memorandum to you on Foreign Economic Policy (August 17, 1970) we said:

The charge of that council (Domestic Council) and of the National Security Council taken together, however, leave a void with respect to the development of policy and programs for foreign economic affairs.

Consequently, we recommended in that Memorandum that a Council for International Economic Policy be placed alongside the National Security Council and the Domestic Council as a third program and policy arm.

It is our strong view that the need for actively promoting the growth and productivity of the United States economy, in its totality, will fall increasingly on the Federal Government. Today, the Federal Government is not organized to carry out that role effectively. In a memorandum dealing with social and economic programs, which we will soon send to you, we will address that issue specifically, proposing basic changes in organization to deal with economic growth and productivity. If and when those changes in structure are accomplished, the Council for International Economic Policy should be included as part of a more comprehensive policy and program body whose purpose is to deal with all aspects of our national economic growth and productivity, both foreign and domestic.

But we believe that the issues to be dealt with in the area of foreign economic policy are pressing and that they cannot wait on the delays which may attend major reorganization of Federal economic programs. Since the Council for International Economic Policy can be created by Executive Order, the opportunity exists to address the need in this area now.

THE RESULTING EXECUTIVE OFFICE

With the changes we have proposed in this Memorandum and those already accomplished by Reorganization Plan No. 2, the Executive Office will include the three types of staff units needed to assist the President in his managerial role. These units:

1. Advise the President on policy and program development (the Domestic Council, the National Security Council and the Council for International Economic Policy).

2. Assist the President in carrying out his management responsibilities for resource allocation, performance evaluation, program coordination, and the maintenance and improvement of the management processes themselves (the Office of Management and Budget).
3. Provide the President professional advice on policy and operations from perspectives not otherwise available (the Council of Economic Advisers, the Office of Science and Technology).

The National Security Council, the Domestic Council and the Council for International Economic Policy provide the principal staff structures for supporting the President in policy and program development. Functions of these staffs which we have proposed are described in our Memoranda of August 20, 1969, October 17, 1969, and August 17, 1970.

The Office of Management and Budget provides the assistance required to carry out Presidential responsibilities for the effective enabling and implementation of policies and programs. This Office also contributes to policy formulation. Its functions have been described in the cited memoranda.

The Council of Economic Advisers and the Office of Science and Technology advise the President and Executive Branch agencies on policy and operations from their professional perspectives. These advisory organizations, by their nature, cut across program areas making their specialized skills available to those in charge or program-oriented activities, as well as to the President. It is not merely the importance of the issues on which advice is given that provides the rationale for their location in the Executive Office, but the fact that the issues themselves would be made immeasurably more difficult to understand and deal with but for the information and guidance of these bodies.

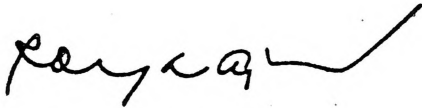
As to the Council on Environmental Quality, we reiterate the belief stated in our Memorandum of April 28, 1970, that most of its statutory functions should be transferred to the Environmental Protection Agency as soon as that agency has developed the capability to carry them out. At that time, those functions of the Council on Environmental Quality which are integral to the President's managerial role and therefore should remain in the Executive Office, should be transferred to the Domestic Council or the Office of Management and Budget.

Our proposal for the structure of the Executive Office and a summary of the organizational actions required to create that structure are shown in Appendix E.

CONCLUSION

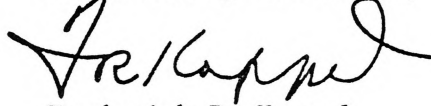
We believe that the structure we have recommended will improve the responsiveness of the Executive Branch to Presidential management and will help you and your successors discharge more effectively each of the vitally important managerial responsibilities of the President.

In time, organizations will be added to the Executive Office as Congress legislates their inclusion or as you or succeeding Presidents identify the need to change the units or functions of that Office. It is not unlikely that in years to come, a Council appointed by one of your successors will recommend another reorganization of the Executive Office and it may be warranted -- as warranted then as we believe the organizational changes we have recommended are warranted now -- to make the Executive Office of the President a more effective instrument of Government.



Roy L. Ash
Chairman

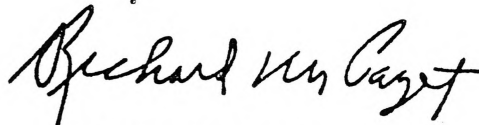
Respectfully submitted,



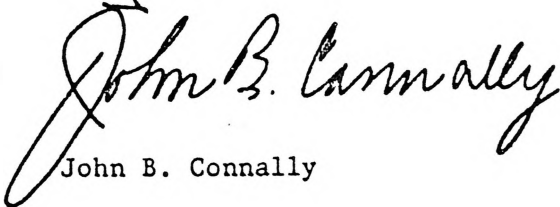
Frederick R. Kappel



George P. Baker



Richard M. Paget



John B. Connally



Walter N. Thayer

Attachments

ATTACHMENTS

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APPENDIX A

EXECUTIVE OFFICE OF THE PRESIDENT

CURRENT AND PROPOSED MANNING LEVELS BY UNIT

<u>Unit</u>	<u>Permanent Positions FY 1970 (Estimated)</u>	<u>Permanent Positions Proposed</u>	<u>Change</u>
White House Office (including Domestic Council)	500 ^{1/}	500 ^{1/}	-0-
Council of Economic Advisors	56	56	-0-
National Security Council	75	75	-0-
National Aeronautics and Space Council	26	-0-	-26
Office of Emergency Preparedness	164	-0-	-164
Office of Science and Technology	57	57	-0-
Office of the Special Repre- sentative for Trade Negotiations	23	-0-	-23
Office of Economic Opportunity	2387	-0-	-2387
Special Assistant for Consumer Affairs	40	-0-	-40
National Council on Marine Resources	20	-0-	-20
Council on Youth Opportunity	15	-0-	-15
Office of Intergovernmental Relations	9	-0-	-9
Office of Telecommunications Policy ^{2/}	63	63	-0-
Council on Environmental Quality	15	15	-0-
Office of Management and Budget	555	736	+181
Council for International Economic Policy	-0-	38	+38
	4005	1540	-2465

^{1/} 250 budgeted for FY 1970 (an estimated additional 250 on detail)
500 budgeted in 1971

^{2/} See footnote 1, page 278 Memorandum to the President, Executive
Office of the President -- An Overview

APPENDIX B

OFFICE OF MANAGEMENT AND BUDGET MANNING LEVELS

TABLE I: Current and Proposed Executive Grades and Manning Levels

LEVEL	CURRENT (Jan. 70)	PROPOSED	INCREASE
I	0	1	+1
II	1	2	+1
III	1	3	+2
IV	4	9	+5*
V	0	6	+6**

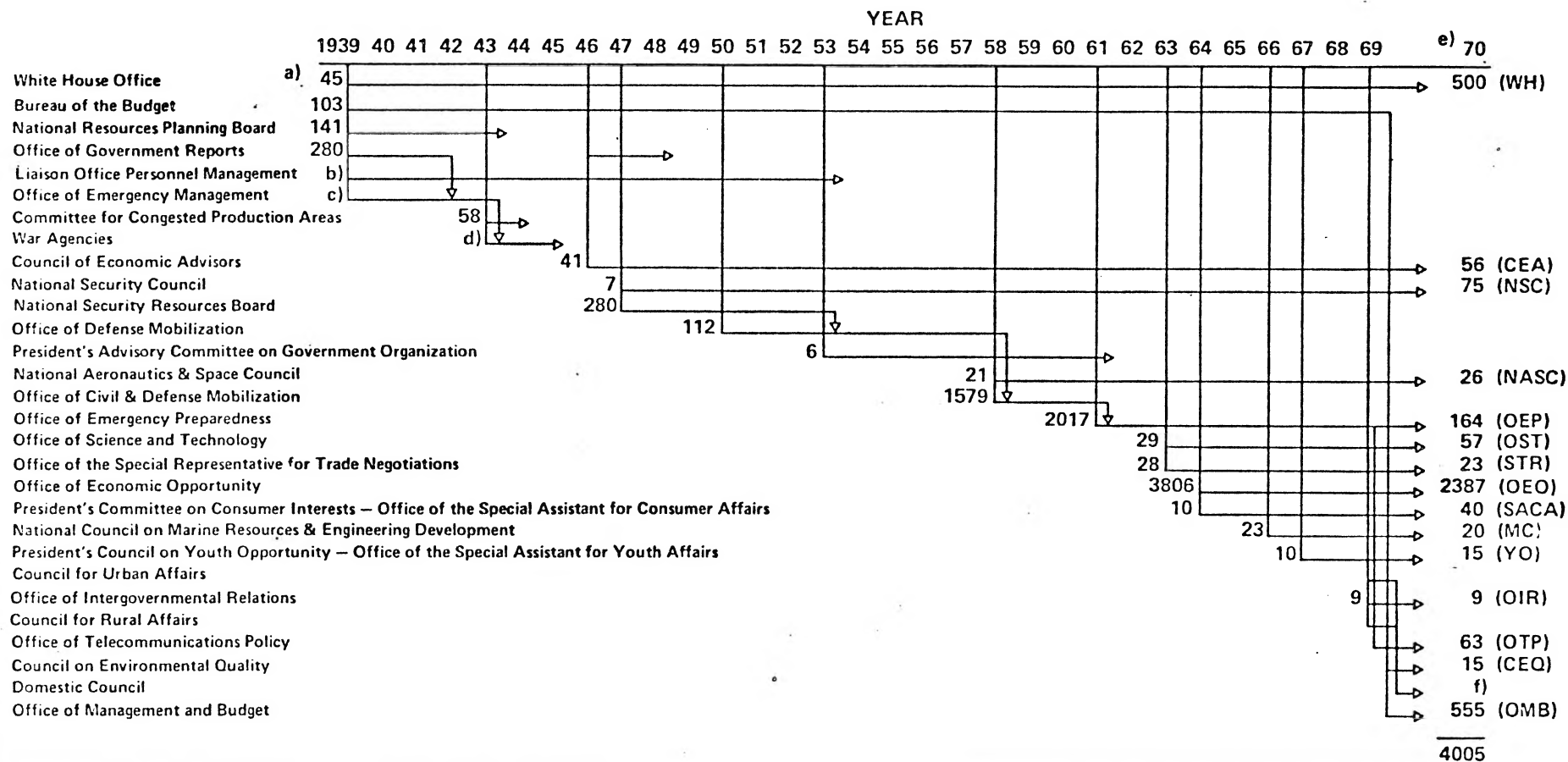
TABLE II: Distribution of Professional Personnel within OMB
(Excluding the Office of the Director)

FUNCTIONS	Distribution of Professional Personnel (Estimated)		Increase in OMB Professional Personnel	
	Current (Jan. 70)	Proposed	Number	Percent
Budget & Evaluation	212 (75.0%)	257 (63.0%)	45	21.0
Management	71 (25.0%)	152 (37.0%)	81	114.0
TOTAL.	283 (100.0%)	409 (100.0%)	126	44.0

* One of these five Level IV's has already been provided by Executive Order.

** Provided by Reorganization Plan No. 2 of 1970.

THE EXECUTIVE OFFICE OF THE PRESIDENT 1939-1970



a) Number at the beginning of each line is the number of full-time positions at the earliest date a personnel figure was available.

b) All Employees on detail from other units in the Executive Office

c) Over 500,000 in 1942

d) Number of employees not reported during World War II

e) Personnel figures reflect full-time permanent positions estimated for 1970.

f) Domestic Council Staff is part of the White House Office.

APPENDIX D

PROPOSED ACTION ON EXECUTIVE OFFICE REORGANIZATION

1/

I. Office of Emergency Preparedness

The Office of Emergency Preparedness (OEP) has prime responsibility for non-military contingency planning in the case of nuclear attack. OEP is centrally responsible for ensuring that plans and facilities which would be needed in a post-attack situation are kept in a state of readiness. OEP delegates to the various agencies a portion of the task of writing plans and maintaining facilities and equipment. In an attack situation, plans would be carried out by the agencies, their regional representatives, and state governments. Under current plans, the military would play a limited role in the immediate post-attack period -- primarily serving to preserve law and order, clear debris, administer first aid, and so forth.

Current preparedness plans are built upon three major premises established by President Eisenhower in 1955. These premises are as follows:

- (1) This nation desires fallback plans and procedures in case of catastrophic nuclear attack.
- (2) Insurance against nuclear attack, if it is to be of real value, must be maintained in a high state of readiness and must provide for the worst case -- massive surprise attack in which centralized government is seriously disrupted or destroyed.
- (3) In a trans- and post-attack situation, it is desired to maintain civilian control of the national government.

But, OEP in addition is an umbrella organization grouping together several other functions with no common technical or organizational rationale.

We have examined each function of the OEP to determine whether its activities fit into the overall concept of the Executive Office as described in this memorandum.

1/ This section contains a more detailed discussion than those which follow due to the fact that recommendations on this office have not been included in other memoranda.

Other functions are:

- (1) Policy with respect to the stockpiling of strategic materials,
- (2) Natural disaster relief,
- (3) The operational control of emergency underground facilities, and
- (4) Operation of a mathematical computer laboratory.

Preparedness Planning is the core activity of OEP. This activity considers the impact of new developments in our national security policy upon our preparedness posture.

Preparedness planning requires a close working relationship with several EOP activities -- principally the NSC. For example, OEP and NSC are currently considering whether the accuracy and delivery capacity of present generation ICBMs render our underground command facilities obsolete. Such studies require institutional objectivity, as would, for example, a study to assess the civilian-military balance in our crisis communication system.

The above observations suggest that high level preparedness planning is an appropriate activity for the EOP. However, we question this activity's current direct reporting relationship to the President. We have earlier noted the need for this activity to work closely with the NSC. Preparedness planning now has a de facto reporting relationship to the National Security Adviser. These observations suggest a rationale for placing preparedness planning as a division of the NSC.

OEP's present preparedness planning section maintains preparedness documents (including standby Executive Orders) for use in trans- and post-attack situations. These documents, while essential, are reported to have lost some of their vitality and relevance since the close of World War II. In addition, the updating of these plans now consumes a substantial portion of the preparedness planning staff's time. We view these updating activities as largely operational and inappropriate as an activity of the EOP. Plan maintenance should be delegated to the agencies, with the Executive Office providing planning criteria and policy review, and conducting occasional readiness exercises.

RECOMMENDATION:

The component of preparedness planning which provides planning criteria and policy review should be retained as an activity of the NSC. A small staff should be retained for this purpose.

It is essential to the maintenance of an effective post-attack system that the preparedness section continually reassesses assumptions.

Stockpile Policy is reviewed by a small staff within OEP. GSA administers the stockpile. OEP's preparedness planning activity establishes broad policies under which stockpile policy review is conducted. A close relationship between preparedness planning and stockpile policy is essential.

Of particular importance are a range of war scenarios, stipulated by OEP and the NSC on the basis of which stockpile quotas are established. The mildest scenario stipulates that the stockpiles would be used exclusively by the military in a limited war situation; the extreme scenario designates the stockpiles for economic recovery in the aftermath of a massive nuclear attack. The broad considerations on which stockpile policy is based require that a range of factors be taken into account: current state of the economy and technology, GNP projections, military needs, change in demands for scarce materials, and international and domestic developments which affect the supply of strategic materials.

Today, however, stockpile policy decisions have two quite distinct purposes. The first is of course the base level of stockpiles needed to meet wartime contingencies. The second concerns the economic impact of stockpile purchases and the sales needed to return these reserves to base levels or to serve other objectives. These latter decisions are particularly sensitive to congressional interests. Congress and industry fear the sale of stockpiles to manipulate commodity prices. At present, nearly \$2.9 billion of the nation's \$7.0 billion stockpile has been marked as surplus. The Strategic and Critical Materials Stockpiling Act, which established the stockpile, requires separate legislation for each stockpile sale. This requirement for legislation has effectively stalled stockpile disposals. Attempts for omnibus stockpile disposal legislation have been defeated in the past. The President has recently increased OEP's stockpile policy role by assigning it the responsibility for oil import quotas.

We believe that the sensitivity of stockpile policy decisions and their relationship to national security policy require the retention of this function in the EOP. But the two kinds of decisions involved require different perspectives which should be separated in practice. The need for a close tie between preparedness plans and base level stockpile policy suggests that these decisions should be placed within NSC.

Those decisions which deal with purchases and sales of commodities however, require detailed economic and budget impact analyses. These are skills which reside largely in the Office of Management and Budget and the Council of Economic Advisers.

RECOMMENDATION:

Policy decisions on base levels for strategic stockpiles require independence from political influences, access to current preparedness doctrine, and insulation from fiscal and budgetary objectives. Responsibility for advising the President on them should be assigned to the NSC. Policy decisions on purchases and sales of commodities in the stockpile should be assigned to the Office of Management and Budget drawing on the special expertise of the Council of Economic Advisers when necessary.

Natural Disaster Relief responsibilities are assigned to the President and delegated to the OEP by Executive Order. During 1969, over \$60 million was channeled through OEP to state and local governments in the fulfillment of this mission. Over 30 persons distributed among OEP's eight regions are involved in administering disaster assistance.

Disaster relief is viewed as a sensitive responsibility of substantial political interest to any President. Decisions to allocate disaster funds are typically made by the White House.

Leadership over agency participation in disaster relief projects is required, particularly in the early phases. Central coordination and authority is needed to command one agency to serve as subordinate to another in crucial post disaster operations. Exercise of this authority requires hierarchical leverage available in the EOP.

We recognize that the disaster relief role provides OEP with occasional opportunities for crisis response. At the same time, the fundamental requirement for effective disaster response is an on-going

relationship with the agencies. OEP's central activities -- preparedness planning and stockpile policy -- provide only limited agency contact. In contrast, the Office of Management and Budget has both the hierarchical positioning and the on-going relationships with agencies to administer this responsibility effectively.

Because the activities involved require rapid response from several agencies working together, these functions are appropriate for the Executive Office. However, there seems to be little need for them to be vested in a separate organization within the Executive Office.

The activities are akin to those which the program coordination function within the Office of Management and Budget is designed to carry out. In the past, the Bureau of the Budget through its Office of Executive Management has assisted OEP in carrying out this role.

Disaster relief administration presently involves a considerable amount of administrative paperwork now performed by OEP field offices. The processing of disaster relief applications for minor disasters should be delegated to one of the executive agencies with already existing field operations. In our view, since many of these applications involve loss of homes and community facilities, HUD would be the most appropriate agency to carry out this aspect of the disaster relief function.

RECOMMENDATION:

The disaster relief functions should be transferred out of OEP and delegated to the Office of Management and Budget. The OEP regional system for disaster assistance should be abolished. Essential coordinating activities should be absorbed by the Division of Program Coordination of the Office of Management and Budget, the regional offices of HUD and by the states.

The Underground Command Facility is under the operational control of OEP and is designated for the use of the Executive Agencies. There are several other underground installations, for military use, operated by the Department of Defense. All are equipped with computers, displays and extensive communications equipment for trans- and post-attack operations. OEP's facility is funded under the classified budget of the Army Corps of Engineers.

The OEP facility serves as the core of the Interagency Communications System (ICS) and links to terminals in the Washington area. These terminals may serve as alternative relocation sites for the Presidential party. In addition, the military services maintain facilities for Presidential relocation.

OEP maintains a small staff at the underground facility. This staff is theoretically responsible for overall supervision and coordinates preparation of the budget. It should be noted, however, that the Army Corps of Engineers maintains a staff approximately 25 times the size of OEP's at the site under the supervision of a military officer. In addition, the Interagency Communications System (ICS), also an Army activity, consists of a staff approximately the same size as that of the Corps. ICS receives virtually all of its operational direction from the Defense Communications Agency (DCS) -- an adjunct of the JCS. This analysis views OEP's role at the site as consisting of more form than substance.

In an attack situation, connections between the ICS and the outside world would depend almost entirely upon hardened military circuits with crypto capability. If the Presidential party relocated on the plane or vessel, the vital communications between these mobile sites and the Executive Agencies (located within the ICS arc) would also be transmitted through military circuits.

Historically, the OEP facility was placed under civilian control to limit military control over civilian activities in a post-attack crisis. While such limitations may be desirable, this analysis questions the effectiveness of existing safeguards for civilian control. As noted above, the insular ICS network ultimately depends upon military circuits to reach outside locations. The large military detachments on the site overwhelm OEP's staff and impose de facto control. Realistic appraisal suggests that "civilian control" of the site is untenable under present arrangements, particularly in the face of a determined military position taken in a time of national crisis.

Provisions for civilian-military balance are of considerable interest to some members of Congress and persons in the Executive Branch. Fundamentally, civilian control in a trans- and post-attack situation will depend upon control of vital communications circuits. Currently, these circuits are military dominated. The picture obtained in the preparation of this report indicates there is no entity in government with an overall view of the appropriate civilian-military balance for these communications networks.

RECOMMENDATION:

The General Services Administration (GSA) should assume the functions now performed by OEP's staff on the site. The Transportation

and Communications Service of GSA is a separate division now responsible for installation and maintenance of cryptographic equipment. Procedures already operational in this division would permit it to administer the classified affairs of the underground installations. GSA should also take over budget preparation responsibilities. The budget would be submitted through GSA channels. As at present, appropriation requests to Congress could be made under the classified defense budget. NSC would participate with the Office of Management and Budget in the final budget review process.

It is desirable that those planning activities which provide for the continuity of civilian government in the event of an emergency remain in the EOP. We believe that such continuity can be adequately provided for by procedures set up by the White House Office working with the GSA and the Department of Defense.

The Mathematical Computer Lab (MCL) includes both the computer hardware, its maintenance personnel, and a staff of systems analysts principally located in the Washington area. MCL utilizes a UNIVAC 3600 and a UNIVAC 1108, with special high speed printout capability. A team of technicians, located at the underground installation is capable of repairing equipment on the site without manufacturer support. On-line computer terminals are located in the Washington offices of OEP and the Army Corps of Engineers.

MCL serves several users. The frequency assignment responsibilities of the Office of Telecommunications Policy have consumed 30 percent of the UNIVAC 1108's time in recent years. The Army Corps of Engineers is also a steady user. Recently, MCL has provided services to the National Security Council. The location of the computer and the clearances of its supporting staff make it uniquely valuable for handling highly classified material.

Earlier discussion set forth basic premises supporting the need for fallback capability in the face of nuclear attack. Under such conditions, there would be a need to immediately assess damage and to conduct other logistics computations requiring data processing equipment.

Maintenance of damage assessment programs, once written and proven, should require only a small portion of existing staff and computer time. The remaining capacity of the computer should be made available to other users. The NSC, CEA, and OMB are the most probable users within the EOP.

While it is essential that the emergency preparedness function which remains in the EOP have access to the MCL, it is not necessary that the computer facility be managed and operated by the NSC to whom we propose this function be assigned. Any number of entities could assume responsibility for MCL. Possible candidates would be the Department of Commerce, Department of Defense, GSA, the Army Corps of Engineers, CEA, NSC, or OMB.

Our Memoranda of August 17, and October 19, 1969, implies the need for expanded computer application within the EOP. We have identified the OMB, NSC and CEA as major potential users. In short, various entities within the EOP could fully utilize the MCL equipment. This discussion suggests that MCL should be retained in the EOP and administered by one unit such as the Office of Management and Budget.

RECOMMENDATION:

The MCL and its systems analysis group should be transferred to the Office of Management and Budget. This facility should become the central computer facility for the EOP. The emergency preparedness activities, retained in the EOP, should be designated as the highest priority user to ensure the readiness of damage assessment programs. The Office of Management and Budget would be responsible for allocating remaining computer time to the NSC, CEA, and its own divisions.

The abolition of the Office of Emergency Preparedness will require in addition to the actions recommended above, the amendment of the National Security Act to delete the Director of the OEP as a member of the National Security Council.

II. Office of Economic Opportunity

From its inception, the concept of OEO was that it was to be an innovator and proving ground for domestic programs affecting the poor. It was always intended that programs once conceived and developed to a viable level of maturity would be spun off to operating agencies of the Executive Branch. These spin-off actions were grounded in the belief, incorporated in the legislation, that operating activities should not long reside in the Executive Office.

In a forthcoming memorandum to you on social and economic programs, we will recommend that the operating programs of OEO be transferred to other organizations in the Executive Branch. The functions of OEO which would remain in the Executive Office are those which relate to the government in general and as such are aspects of the managerial functions of the President.

There are three such functions: information system development, program evaluation and certain elements of program demonstration research.

Our Memoranda of August 17 and October 19, 1969 have described the Executive Office's broad responsibility in information systems development and program evaluation.

In the area of demonstration research, the Executive Office's role while extremely important, is more limited. Placement of this function in the Executive Office is grounded in the belief that innovative programs and policies require both creativity and incentives for change which are often lacking in operating agencies. If program and policy innovation is to be properly encouraged, the Executive Office, as part of its policy and program responsibilities, must: identify areas in which demonstration research should be carried out, state the objectives of such research, identify the agency which will carry out the project, provide all or part of the funds for the project and evaluate its results.

As a general rule, only those projects should be undertaken which do not clearly fall within the scope of an existing agency's responsibilities or which involve new techniques that should be tested and which might be resisted by existing agencies. The actual running of projects should be delegated to agencies under financial plans which permit the Executive Office substantial control of overall social research expenditures.

We have considered several alternatives as to how these functions should be incorporated in the Executive Office. One was the retention of the OEO shell. The surviving organization would continue to perform its functions as a separate organization within the Executive Office. We rejected this alternative because the Office of Management and Budget has the responsibility for information systems development and program evaluation. We believe that competing organizations should not be created in the Executive Office and that each function should be assigned as unambiguously as possible to a single agency within that office.

The second alternative we considered was the transfer of the Executive Office functions of OEO to the Office of Management and Budget. This alternative is the recommendation which we will describe in some detail in our memorandum on social and economic programs.

2/

III. Office of the Special Assistant for Consumer Affairs

This memorandum has noted that placement within the Executive Office can create prestige and impetus for programs or functions so

2/ For a discussion of the Office of the Special Assistant for Consumer Affairs see Memorandum for the President, Report on Selected Activities in the Executive Office of the President, January 20, 1969.

located. We have argued that placement of many of these activities should be temporary. If allowed to remain, such groups take on the aspect of a permanent advocate within the Executive Office.

Consumer interest is a fundamental concern of almost all government activities. Thus there is no denying the importance of consumer issues and the need for attention to them in the Executive Branch. However, it is difficult, if not impossible, to isolate the segment of "consumerism" which meets the criteria for a placement within the Executive Office. Today, certainly the primary aim of those who argue for such an office is to place an advocate within the Executive Office.

The Office of the Special Assistant for Consumer Affairs has provided a useful perspective for policy development. The functions of the office, however, do not contain elements which are inherent in the management responsibilities of the President, as we have defined them. The justification given for continued existence in the Executive Office is the necessity of giving special prestige to this function through its organizational placement. Yet if the consumer perspective is a concern of most agencies of the government, it is more appropriate that it be evidenced in the form of a standing committee of the Domestic Council rather than in the form of an independent advocate within the Executive Office.

There are several bills in Congress which would establish within the Executive Branch a department or an agency for consumer affairs. In addition, many of these bills propose a statutory office for consumer affairs within the Executive Office of the President. For the reasons cited above, it is our opinion that the creation of a statutory office within the Executive Office should be resisted.

In our Memorandum to you of July 13, 1970, on the independent regulatory agencies, we recommended that the trade practices functions of the Federal Trade Commission be transferred to a new Federal Trade Practices Agency. We view the proposed Federal Trade Practices Agency as a qualified repository for new consumer legislation which may be enacted by Congress. In addition, a Federal Trade Practices Agency would provide an adequate and effective location for the advocacy of consumer interests to the extent that these are not covered by other agencies of the government.

IV. National Council on Marine Resources and Engineering Development^{3/}

This Council was created by the Marine Resources and Development Act of 1966 as a temporary body. Its purpose was to conduct a study

^{3/} For a more detailed discussion of the Marine Council, see Memorandum for the President, Proposed Oceanographic Organization, January 16, 1970, Appendix 1.

and file a report on the ocean resources activities of the United States and to make policy recommendations for more effective utilization of those resources. The Council was to expire in March 1968 but was extended until June 1971 because of delays in completion of its report and the belief in some quarters that its policy role could not be otherwise performed.

The Act implies that the original intent of establishing the Marine Council within the Executive Office was to lend it the prestige of that office. However, with the work of the Council completed, that placement and the prestige associated with it is no longer required.

The principal organizational recommendation of the Marine Council has been realized through passage of Reorganization Plan 4 of 1970, which established the National Oceanic and Atmospheric Administration within the Department of Commerce. NOAA, with its responsibility for integrating the nation's efforts in developing marine resources and technology, should now carry on the work started by the Marine Council.

Of the functions of the Marine Council only that of advising the President on the technical aspects of marine programs as they may relate to ongoing policy and program formulation is properly lodged in the Executive Office. This role should be assigned to the Office of Science and Technology where advice on the physical and natural sciences is readily available to the President.

The Marine Council is a classic example of the kind of temporary activity which should not persist as a separate entity within the Executive Office after its principal aims have been accomplished. We have therefore recommended that the Marine Council be abolished.

Because the Vice President heads the Marine Council, he should determine the strategy for its eventual abolition. With the current extension of the Marine Council's authority until the end of June of 1971, time is available for planning and carrying out this process.

4/
V. National Aeronautics and Space Council

This Council was established in 1958 when the nation recognized the need for increased attention to space activities. As in the case

4/ For a more detailed description and analysis see Memorandum for the President, Report on Selected Activities in the Executive Office of the President, January 20, 1970, page 113.

of the Marine Council, the National Aeronautics and Space Council was originally placed in the Executive Office to provide the prestige which the space program then needed to insure its viability and to make certain that the policy and operational aspects of the military and civilian programs were coordinated effectively.

In recent years almost all of these functions have been assumed in effect by the Office of Management and Budget, the Office of Science and Technology, and the various executive agencies involved. The Department of Defense and the National Aeronautics and Space Administration have established bodies which have taken on much of the coordinating role of the Space Council. Further, as issues arise between the civilian and military programs, they are likely to be resolved in the context of the President's policy deliberations on the basis of the advice he receives from the Office of Science and Technology, the Domestic Council and the National Security Council. These bodies have the perspectives necessary to provide adequate advice on the development of an effective space program.

With the coming to maturity of the space program, there is no longer a need to give it the special illumination which the Executive Office affords. Further, it is unnecessary, considering the size of the Federal expenditures in this area, to nurture that aspect of the program in any special way. Consequently, there is no further justification for the retention of the Space Council in the Executive Office of the President.

Allowed to remain as independent organizations within the Executive Office, activities such as the Space Council and the Marine Council soon take on the roles of advocates. In this Memorandum we have concluded that advocacy of this sort should be discouraged as an activity of the Executive Office of the President.

As in the case of the Marine Council, we believe it appropriate to leave with the Vice President responsibility for the eventual abolition of the Space Council. However, since one step will involve legislation abolishing the Space Council, this process should start as soon as the decision to seek dissolution of the Council is made.

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VI. Council on Youth Opportunity

While not formal elements of the Executive Office, the Youth Council and the Special Assistant for Youth Affairs have for some

5/ For a more detailed discussion see Memorandum for the President, Report on Selected Activities in the Executive Office of the President, January 20, 1970, page 115.

time enjoyed informal status which borders on permanency. These units were initially assigned the broad missions of coordinating and evaluating Federal youth opportunity programs and informally considering issues of importance to youth. One of the principal functions of the Council has been to coordinate the summer jobs program.

There is considerable question as to the substantive value of dealing with critical social, political and economic issues along the dimension of youth. Young people, like the middle-aged and elderly, represent a heterogeneous segment of the society, covering diverse economic and ethnic groups of differing ideological persuasions. It is therefore difficult to conceive of a youth activity which reflects in any useful way, the perspective of all the young. Like the consumer perspective, youth is a dimension common to innumerable government programs. Because most programs affecting the young also involve a broad range of other and often conflicting interests it is hard to single out specific programs for special organizational attention.

Nevertheless, the perspectives and concerns of youth may at this point in time require special attention. The question is whether such attention can be given best in the context of an independent organization within the Executive Office or whether special cognizance is better provided within the framework of the mechanism already established to deal with domestic problems, the Domestic Council.

In addition, if special recognition of the perspectives of youth is desired, it might be given by establishing a small youth affairs section within the Vice President's Office. This section could audit those programs which have the greatest impact on youth and provide information to the Vice President on which he may base policy recommendations.

Consequently, we recommend that the position of the Assistant for Youth Affairs and the Council on Youth Opportunity be abolished and that the Council's policy functions be absorbed by the Domestic Council working in special concert with your representative in this area, the Vice President.

VII. The Office of Intergovernmental Relations

The functions of the Office of Intergovernmental Relations are consistent with the role of the Executive Office defined in this memorandum. OIR's activities are especially relevant in an era when an increasing share of the Federal Government's funds will be allocated to assist state and local governments. Its mission is in

harmony with the Administration's policy to decentralize more of the grant process.

The interaction between Federal, state and local governments requires a coordinating mechanism. Governors and mayors frequently complain of their inability to make their views known in the Executive Office. The Office of Intergovernmental Relations can and should serve this purpose.

But to be effective, this function must be more than a conduit for the views of governors and mayors. A successful relationship with governors and mayors requires not only a listener but also a strong tie to the active processes of the Executive Office able to act on the complaints and proposals made by local governments.

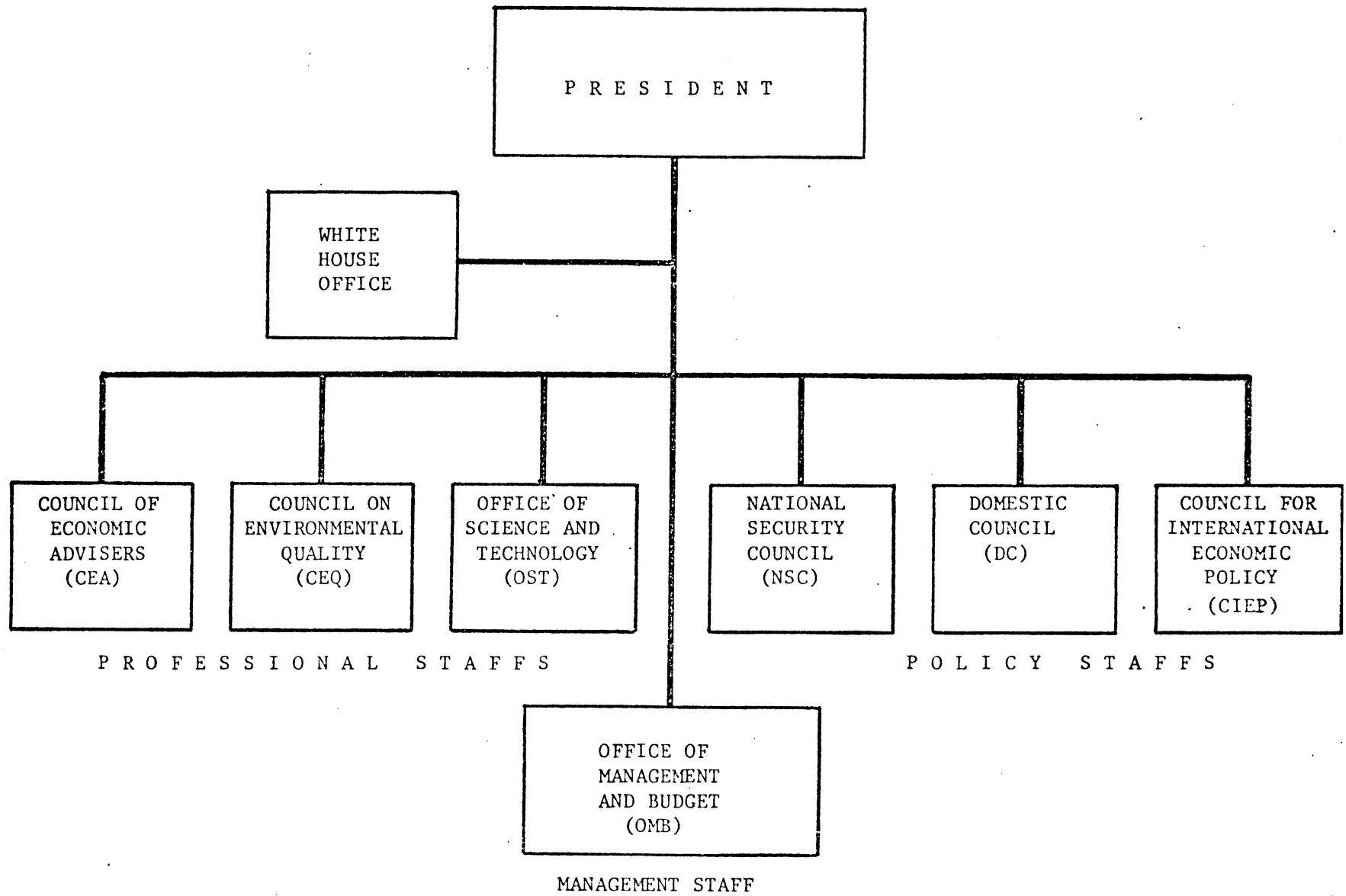
When the Federal Government cannot resolve interagency and intergovernmental problems, the performance and credibility of all governments is jeopardized. Therefore, the Executive Office should have the capability to help resolve major operating problems which develop in the field and which have not been settled by the agencies and local governments.

Active, two-way interaction between units of the Executive Office and local officials can help to smooth much of the work of the Executive Branch as it relates to local jurisdictions. The President needs continuing exposure to the opinions and perspectives of governors and mayors if he is to succeed both in the effective decentralization of federal operations and in returning greater voice in operations which affect their areas to local elected officials.

We have come to believe therefore that the coordination of state and local governments and the Federal Government is a key role of the Executive Office which must be part of the Office of Management and Budget if it is to be effective. It is essential for making many government programs better understood and as a result will contribute to effective implementation.

With this in mind, we propose that the functions of the Office of Intergovernmental Relations be incorporated into the framework of the Office of Management and Budget. Provision for this eventuality was made by the establishment of the program coordination function in the Office of Management and Budget. It already has responsibility for helping to resolve some issues that arise among the Federal agencies and between the Federal agencies and local governments. To this responsibility we believe should be added the functions of the Office of Intergovernmental Relations.

EXECUTIVE OFFICE OF THE PRESIDENT



THE EXECUTIVE OFFICE OF THE PRESIDENT
PROPOSED CHANGES

<u>Organization</u>	<u>Recommendation</u>	<u>Major Role</u>
OFFICE OF MANAGEMENT & BUDGET		
Budgeting	Addition of OEP's stockpile function as to buy & sell decisions	Proposal of budgets
Evaluation	Addition of OEO's evaluation capability	Program evaluation
Organization & Management Systems	No Change	Assignment of Organizational responsibilities and development of management process
Program Coordination	Addition of OEP's disaster relief function and functions of the OIR	Resolution of program management problems and intergovernmental liaison and communication
Executive Development and Labor Relations	No Change	Executive development
Statistical Policy & Management Information Systems	Addition of OEP's Information System capability Addition of OEP's Computer Facility	Creation of internal and external information systems
Legislative Reference	No Change	Coordination of views or proposed legislation
OFFICE OF INTERGOVERNMENTAL RELATIONS	Transfer to OMB	Intergovernmental liaison and communication

OrganizationRecommendationMajor Role

COUNCIL ON ENVIRONMENTAL
QUALITY

Eventual dissolution
(See Memorandum to the
President, Federal Organi-
zation for Environmental
Protection, April 29, 1970)

Temporary prestige and
impetus in special area
of planning

OFFICE OF THE SPECIAL ASSISTANT
FOR CONSUMER AFFAIRS

Resist creation of a statutory
office because of eventual
dissolution (See Memorandum
to the President, The Independent
Regulatory Agencies, July 10,
1970)

Temporary prestige and
impetus in special area
of planning

PRESIDENT'S COUNCIL ON YOUTH
OPPORTUNITY

Dissolution (See Memorandum to
the President, Selected
Activities of the Executive
Office, January 20, 1970)

Temporary prestige and
impetus

NATIONAL AERONAUTICS & SPACE
COUNCIL

Reduce size pending amend-
ment to Space Act necessary
for eventual dissolution
(See Memorandum to the President,
Selected Activities of the
Executive Office, January 20,
1970)

Temporary prestige and
impetus

NATIONAL COUNCIL ON MARINE
RESOURCES & ENGINEERING
DEVELOPMENT

Eventual dissolution
(Reorganization Plan Number 4
of 1970 established the
National Oceanic and Atmos-
pheric Administration)

Temporary prestige and
impetus

NATIONAL SECURITY COUNCIL

Addition of OEP's stockpile
function as to base stocking levels

Program oriented planning

DOMESTIC COUNCIL

No Change

Program oriented planning

Organization

COUNCIL FOR INTERNATIONAL
ECONOMIC POLICY and OFFICE
OF INTERNATIONAL ECONOMIC
POLICY

OFFICE OF THE SPECIAL
REPRESENTATIVE FOR TRADE
NEGOTIATIONS

COUNCIL OF ECONOMIC ADVISORS

OFFICE OF SCIENCE AND TECHNOLOGY

OFFICE OF EMERGENCY PREPAREDNESS

Preparedness Planning

Stockpile Policy

Disaster Relief

Mathematical Computer Laboratory

Underground Facility

Recommendation

To be established
(See Memorandum to the
President, Organization
for Foreign Economic
Affairs, August 17, 1970)

Dissolution
(See Memorandum to the
President, Organization
for Foreign Economic
Affairs, August 17, 1970)

No Change

Transfer routine duties
to NSF (See Memorandum
to the President, Selected
Activities of the Executive
Office, January 20, 1970)

Transfer to DOD

Transfer to NSC and OMB

Transfer to OMB

Transfer to OMB

Transfer to GSA

Major Role

Program oriented planning
and trade negotiations

Activities to be incorporated
in the CIEP Office

Professional advice and
information to assist
planning operations

Professional advice and
information to assist
planning operations

Program oriented planning

Program oriented planning

Execution with emphasis on
interagency coordination

Central computer for
Executive Office use

Operational activity

Organization

OFFICE OF ECONOMIC OPPORTUNITY

Recommendation

Dissolution as separate agency, operating programs to be transferred to agencies and government-wide functions to be transferred to OMB.

(Will be covered in detail in Memorandum to the President on Social and Economic Programs.)

Major Role

Program oriented planning (demonstration research and evaluation.) Also operational activities