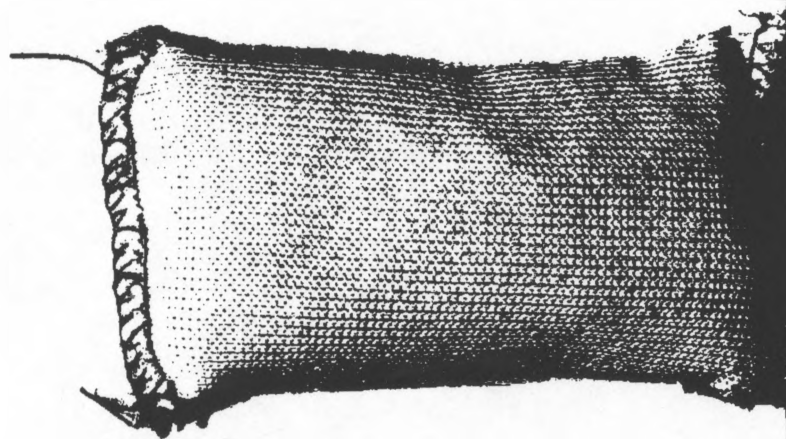


CHAPTER EIGHT

Modernizing Federal Field Operations

Dwight Ink and Alan L. Dean



The majority of federal employees are located outside the Washington, D.C., area in thousands of field offices scattered throughout the nation. These field employees are the source of most of the personal contacts between the federal government and citizens, businesses, and state and local governments. How these offices are organized and staffed, how they relate to their headquarters and one another, and the degree to which their program and administrative management systems facilitate effective program delivery all have an enormous impact on the extent to which our government works well. Yet field operations seldom register in the minds of management reform leaders. Moreover, for years there has been little effort to coordinate field operations among agencies in ways that make them most effective in serving the public. Such coordination will be of critical importance in homeland security, which has become a critical concern in the United States following the attacks on the World Trade Center and the Pentagon.

Despite the importance of federal field offices, one looks in vain for the attention from either the Office of Management and Budget (OMB) or federal agency leadership that was seen in earlier years. Congressional interest is nearly nonexistent except when a department attempts to eliminate an office that is

no longer needed.¹ At one time OMB had six to eight management personnel working full-time on field office issues and several more part-time; now it has none. When departments undertake internal reform efforts, they involve the field only after the changes have been designed by headquarters. Field staff is then informed, without having had a role in planning the changes. This deprives the reform of the benefits of field knowledge and experience and also fails to provide the field offices with any incentive for successful reform that would result from a sense of ownership gained through participation.

Some say this reduced emphasis on field operations is a natural change in response to the growth of the electronic information age, which is making obsolete a significant portion of what field offices used to provide. According to this view, with the help of new data systems and far better communications, headquarters simply does not need as much help from the field. Further, the design of many domestic programs, and consequently also the role of field offices, has changed, especially with the growth of block grants. Although it is true that changing circumstances have had, and will continue to have, a significant impact on the role and the characteristics of field offices, even before the terrorist threat recently gave greater recognition to field operations, they have remained a vital part of our governmental system over a span of many years.

If ignoring field operations was unwise in the past, such neglect is especially dangerous today, with so many American communities now potentially vulnerable to terrorist attacks. Early proposals for organizing the government to address the threat of terrorism gave only limited attention to field operations, despite the critical role of the field in working with state and local officials to prevent and respond to attacks. Inexplicably, the White House failed even to mention field organization in its legislative proposal that led to creation of the Department of Homeland Security.

It is time to rediscover the field. The new homeland security challenges demand it. Major changes in our federal field arrangements must be made rapidly. This chapter provides a number of observations about field operations, particularly in the difficult area of coordination, which may be helpful in bringing about the necessary improvements.

Sorting Out the Role of Field Offices

Even when OMB and agencies do get around to addressing field matters, they give little thought to the basic role of field offices. Yet an awareness of

their role should serve as the backdrop for the manner in which a field office is structured and the way in which it functions. There is much diversity among departmental approaches to the details of field management, as there should be, but several general observations regarding roles have rather broad application.

Some people regard field offices as simply an extension of headquarters, performing routine tasks while deferring important actions to Washington. This view fails to take full advantage of the vital resource that field operations offer and thus contributes to ineffective departmental performance. It undervalues the importance of effective program and policy implementation. Downgrading the role of field operations shortchanges those whom the department is designed to serve.

The principle can be easily stated: *The basic role of field offices is to administer the programs and policies enunciated by headquarters*, including both policies that originate with presidential and congressional actions and also lower-level policies enunciated by the departmental secretary. This operational role usually involves extensive interaction with different elements of the public, often including middle- and lower-income people who are rarely seen by Washington. Field personnel are in a better position than headquarters to monitor the effects, good and bad, of most programs on the citizens, families, and communities who are the intended beneficiaries of departmental programs, and the field has a responsibility to keep Washington informed on such matters. The field is also the part of a department or agency which can best ascertain the extent to which the planning and delivery of agency programs need to be coordinated with related programs of other agencies, thereby avoiding conflict and overlap as well as providing opportunities for mutual reinforcement.

Headquarters offices have the well-known role of formulating and evaluating policy. They also have the role of continuing oversight of field operations, a role that is often performed poorly. The headquarters policy role is demanding and involves close interaction with the White House and the Congress, relationships requiring skills that are also frequently in short supply. Much effort has to be devoted to the media and to dealing with the many interest groups that descend on every agency. At the same time, headquarters also needs to take care to provide clear guidance to the field which is necessary for policy implementation and translation of legislation into program actions. Monitoring field operations requires considerable skill in knowing how



closely to follow field activities without meddling in their work and stifling innovation.

These headquarters roles are vital and time-consuming. To the extent headquarters also actively involves itself in field operations, particularly those requiring discretionary decision making regarding individual grants and contracts, less resources will be available to pay attention to the basic headquarters roles of policy development and oversight. As a result, both headquarters and field are weakened.

There is seldom a sharp dividing line, however, between policy and implementation. It is both inevitable and appropriate that headquarters will have some involvement in operations and that field offices often will advise on policy. Policy and implementation are interdependent components of government which cannot stand alone. Further, as will be discussed later, not all programs are administered in the field. Whatever vision a department has for its field offices, *the key to organizational success is to make sure that the structure, operational systems, and staff composition foster the assignment of clear accountability to individuals and organizations in both headquarters and field offices.*

Homeland security will increase the importance of the operational role of field operations, and its exacting demands on operational success will likely expose future accountability failures in a highly visible way. The damage from such lapses could be severe.

Designing the Field Structure

There is no one-size-fits-all field organization. The mission and size of departments and agencies vary greatly, as do their constituencies. Therefore, it is not surprising that the structure of field offices also varies greatly. Certainly, no one would argue that the highly technical field operations of the National Aeronautics and Space Administration (NASA) should be structured like those of people-oriented departments administering social programs. Each should be designed de novo, but with a few basic concepts in mind.

Perhaps the most important factor in designing the structure of field organizations for domestic programs is an understanding of how program delivery arrangements can best serve that segment of society for which the programs are designed. The resulting ideal structure will likely be much different than the more traditional design based on the perspective of high-level Washington officials located far from the program recipients. This is particularly true of

departments, such as Health and Human Services (HHS) and Housing and Urban Development (HUD), which administer social programs with numerous small grants to common recipients, particularly families or neighborhoods. In these cases it is especially important that the field structure be designed with close attention to how the total department-wide field system affects the recipient.

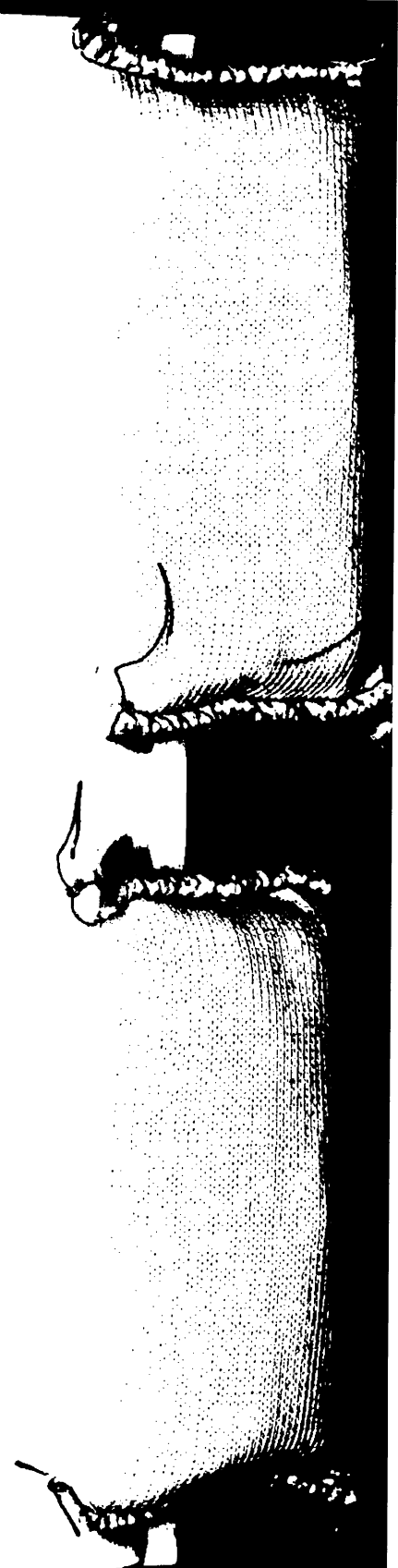
The current stove-piped organization of most agencies, and the fragmentation of federal agencies, suggests that the structure of the federal government often fails to pay adequate attention to the needs of those whom it serves. Officials in Washington too easily forget how government looks to those outside the beltway who are struggling with a conglomerate of related programs, each of which has its own bureaucratic regulations, requirements, and red tape, often involving several federal offices separated by hundreds of miles.

The fragmentation of government agencies and programs has been a boon to the leaders of special interest groups residing in Washington but contrary to the needs of people and communities. Neither individual people nor their neighborhoods can be carved up and divided along the jurisdictional lines of the hundreds of federal assistance programs or the numerous separate field systems that administer them. Unfortunately, our federal delivery system has evolved more from the perspective of Washington than from that of the public.

One of the most controversial structural issues is that of regional offices. Small departments and agencies have the option of choosing regional offices that are "line" organizations with direct operational authority over all field operations and programs in the region. Policy determination, of course, remains in Washington. Larger departments, however, generally view such regional arrangements as impractical. In departments such as the Department of Transportation (DOT), in which the different modal administrations have much less need for day-to-day interaction, department-wide regional offices with line authority are neither necessary nor desirable, though regional offices for the individual components are often needed.

Large departments sometimes utilize secretarial representatives, without line authority, in the field. Although they can be useful as eyes and ears of the secretary, they have very limited utility in terms of departmental operations. Frequently, they simply get in the way and muddle lines of accountability. They have been so ineffective in some departments that Congress has terminated their funding.

To be effective operationally, a Homeland Security Department will need



to have a far more closely integrated field structure than most departments.² The field will also need to interact rapidly at times with other federal agencies and with state and local governments and nonprofit and profit organizations. Many of the best examples of effective design and implementation come from several decades ago, when field operations were a major focus of management reforms.

The HUD Field Structure

Housing and Urban Development was a department originally established to provide internal field integration and close interaction with state and local government and nongovernmental entities though to a lesser degree than homeland security will require, but its history has relevance to the future need for greater field linkages.³

Conceived during the Kennedy administration, HUD was born in 1965 as an important part of President Lyndon B. Johnson's Great Society response to the unrest and violence of the inner cities. It had become increasingly clear that urban problems were so interrelated that individual efforts to improve only one dimension of community life—whether housing, schools, jobs, health care, or transportation—were not addressing the root problems, which were multifaceted. Increasingly, several federally assisted programs had to be packaged as a single project, and some type of inter-program and interagency glue was needed for these broader attacks on decaying neighborhoods. HUD was to help provide this glue.

In addition to the functions picked up by the new department from the Housing and Home Finance Agency (HHFA), HUD received a range of new responsibilities designed to meet the complex needs of urban communities, especially the inner cities. The novel Model Cities program was led by HUD, for example, and involved all the domestic federal departments. HUD also administered programs to help local governments improve their capacity to manage local affairs, requiring broad knowledge of both federal and local programs. HUD also received a convening role in an effort to coordinate the array of federal programs affecting individual communities.

The original HUD field organization reflected both this sweeping role originally intended for the department as well as early recognition by the Bureau of the Budget (BoB) management staff that the Great Society programs were overcentralized, with no capacity for field coordination.

It would have been impossible to equip the seventy-five Federal Housing Administration (FHA) field offices with the resources and technical staff needed to administer this new, complex HUD role that was to involve nearly every aspect of the government's domestic programs directly or indirectly. Further, it was believed that these field offices scattered throughout the country were too vulnerable to the local political pressures when it came to approving grants. Therefore, with BoB support, the department was designed with strong regional offices that would have not only the capacity to administer the broad scope of HUD programs but also the stature to coordinate effectively with other federal agencies and with state and local governments.

This meant equipping the regional offices with the technical expertise to handle operational problems across the spectrum of HUD activities, with a few exceptions concerning the FHA. Except for the very largest projects, career regional administrators received decision-making authority regarding grants and contracts, although they were to give headquarters an advance alert for those decisions that were controversial or politically sensitive. These regional administrators reported directly to the secretary, rather than to an assistant secretary or other intermediary. Assistant secretaries could issue directions on behalf of the secretary but not on their own. This greatly reduced the stove-piping effect that could have led individual parts of HUD to deal with their clientele through separate fiefdoms rather than on an integrated basis. And it helped to focus assistant secretaries on their policy and program oversight roles, rather than devoting so much time to operational issues for which most were not as well equipped as were the regional directors.

The assistant secretary for administration provided the institutional support needed by the regional offices to help the secretary ensure effective operation of the new system. That office also provided constant monitoring of field operations, plus a yearly in-depth review. Appointed by the secretary, the career regional administrators were at the GS-17 and 18 levels, at the top of the career service. Secretary Weaver was severely criticized by leaders of the Democratic National Committee, especially Richard J. Daley, the prominent mayor of Chicago, for departing from the traditional use of political appointees to head major field offices. Weaver said he would not repeat his HHFA experience of having a number of incompetent political appointees forced on him to head field offices, many of whose loyalty was to their personal political sponsor such as a mayor or special interest group rather than to him or the president. In fact, Weaver told the White House he would resign if not permit-



ted to have experienced career men and women lead these important positions. This unusual stand on principle did not endear him to President Johnson, but the White House recognized there was some merit in his argument; moreover, the thought of the first black member of a presidential cabinet resigning in protest was not a welcome one. In the end Weaver was permitted not only to appoint career persons as regional administrators, but he also proceeded to appoint FHA office heads on the basis of merit as vacancies occurred.

As part of the HUD effort to respond to community problems on a holistic basis, several regional administrators were equipped with "metropolitan expeditors," who traveled from city to city, as well as visiting state offices, to ferret out problems state and local officials were encountering with federal grants and contracts. Expeditors could spot a problem at an early stage and quickly arrange for the appropriate expertise from the HUD regional office to solve it. Problems involving other federal agencies were simply referred to the appropriate agency for their handling. The expeditors had no line authority to correct problems, yet they were very successful in triggering prompt corrective action from the regional and field offices. These expeditors quickly became very popular with local officials, but several members of the House Appropriations Committee, without warning, deleted their funds because they were solving problems that had hitherto been addressed by members of Congress, who thereby earned political points with their constituents.

HUD never fully succeeded in its broad mission, but the department was successful enough in broadening its approach to community problems to become the core of President Richard M. Nixon's more ambitious proposal five years later for a Department of Community Development, which had the congressional votes for passage until the abuses of the Watergate period derailed it.

All of this sounds at odds with later HUD experience. The department's reputation plummeted in the 1970s and 1980s as the field offices came to be headed by political appointees, the assistant secretary for administration position was politicized and reduced to a shell, and the departmental philosophy of preventing scandal and abuse was watered down and often replaced with the inauguration of investigations that usually closed the barn door after the horse was gone. In addition, as early as 1969, the delegations to the field began to be blurred and weakened, and headquarters institutional support and over-

sight of the field declined. As a result, the field system became ineffective, illustrating the necessity for sustained management attention to complex field operations.

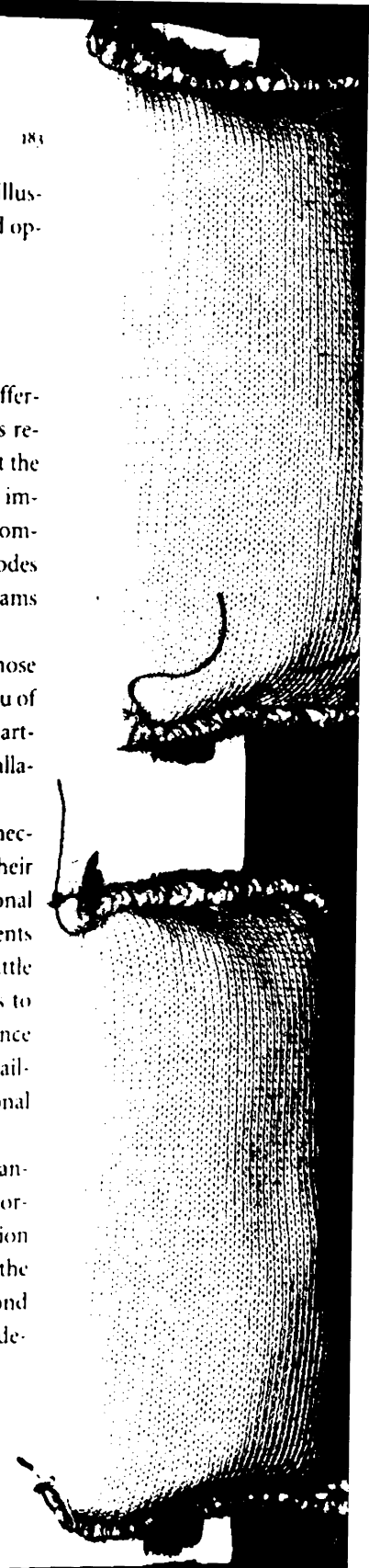
DOT Field Structure

The Department of Transportation, established in 1967, faced a very different situation than that which confronted HUD at its inception and thus required a different field structure. DOT was much larger than HUD so that the department-wide regional structure employed by HUD would have been impractical and unwieldy for DOT. Equally important, some of the modal components of DOT did not require the day-to-day interaction among the modes of transportation which characterized the more interdependent programs brought together in HUD.

The new department inherited several field organizations, including those of the Federal Aviation Administration (FAA), the Coast Guard, the Bureau of Public Roads, and Railroad Safety. It was evident that most of the department's programs would be carried out through the field offices and installations of the modal administrations.

The first DOT task force developed a management concept paper that necessarily contemplated that the administrations would continue to direct their own field operations and that there would be no cross-departmental regional directors. The rationale was the demonstrable fact that, while all components of the department were concerned with transportation, some had little day-to-day field interaction. The Coast Guard, for example, rarely needs to cooperate with the Federal Transit Administration, nor does the St. Lawrence Seaway Development Corporation need to work closely with the Federal Railroad Administration. Under these circumstances department-wide regional directors would create more problems than they could help solve.

From the first, the department was committed to the decentralized management of the organizational units that administered each mode of transportation. This approach was addressed in the Department of Transportation Act, which envisioned extensive delegation of the secretary's authority to the statutory modal administrators. One of the first policy directives of the second DOT secretary, John Volpe, was to affirm his support of a decentralized department.



The desire to have the various administrations achieve an optimal level of cooperation in the field compelled the secretaries to seek organizational devices with less authority than the HUD regional directors or those the FAA or the Federal Highway Administration (FHWA) could exercise. DOT Secretary Boyd opted for a system of field coordinating committees (FCCs) composed of the senior field officials of the modal administrations.

The initial twenty-six field-coordinating committees did not represent regions. They were established in any location where there was a cluster of departmental field activities. The secretary named the chairs from senior field directors of the administrations. Although they had no directive authority, the FCCs came to play a number of roles through cooperation. Regional officials who had never before met came to know and help one another, and committee members learned about the activities of other parts of the department, cooperating with the interagency Federal Executive Boards, sharing information on matters such as combined federal campaigns, and generally advancing the recognition that they were all in the same department. No negatives developed other than that there was no official present who directly represented the secretary.

The FCCs, in spite of their limited powers, have proven durable as a field mechanism. They continue to function today, albeit in reduced number, and in recent years have undertaken significant initiatives for the secretary. An example is the nationwide effort to induce educational institutions to emphasize transportation as an academic field that offers many career opportunities. As might be expected, the most active and effective FCCs are those located in major urban areas with numerous DOT field offices.

The original field arrangements had to be supplemented when President Nixon decided to establish ten standard regions with designated headquarters cities and a system of Federal Regional Councils (FRCs) for each new region. Senior field officials of the member agencies, which included the DOT and other major departments concerned with the administration of grants-in-aid to state and local governments, chaired the councils. FRC members were required to represent entire agencies, and, after an initial period of operation with career leadership, they were increasingly pressed by White House staff in subsequent years to be noncareer (i.e., political) appointees.

DOT had no field officials who could speak for the entire department and had no noncareer people in its regions. For several months, therefore, DOT utilized regional directors of its modal administrations as departmental mem-

bers of the FRCs. Ironically, these DOT career civil servants won praise for their knowledge and dedication in councils composed chiefly of political designees with limited federal experience.

The Nixon administration soon made it clear that, if DOT wished to retain FRC membership, it would have to provide appointees directly representing the secretary who were not from the career civil service. Secretary Volpe then accepted the approach previously rejected by Secretary Boyd—namely, the appointment of secretarial representatives, chosen by the secretary from outside the career civil service.

The noncareer requirement proved to be a near fatal impediment to the effectiveness of DOT's participation in the FRC. In a department with many Coast Guard, FAA, FHWA, Federal Railway Administration (FRA), and Federal Transit Administration (FTA) career officials with field experience, the secretary now had to bring in a new set of people of varying competence and experience. In some cases the new secretarial representatives were irretrievably unqualified. Some were political favorites who had failed in other assignments. In one instance a career aide was needed to awaken the member when meetings adjourned. Only a few noncareer officials with prior DOT or state or local experience were capable of effectively representing the department's interest in the FRCs.

The secretarial representatives did, to some extent, initially report to the secretary. This relationship was their only real source of power or influence. They also were named chairs of the FCCs in the headquarters cities of the standard regions. After the Volpe administration the position of secretarial representatives declined rapidly in value. Later secretaries paid little attention to these field officials, and the decline and eventual abolition of the FRCs removed the principal reason for their creation. The Congress recognized what was happening and in 1981–82 eliminated funding for the secretarial representatives. They were scarcely missed. Most other experiments with secretarial reps as field officials have been found wanting. This approach to field coordination has been abandoned in most agencies, although HUD Secretary Cisneros initiated an effort to use secretarial representatives in the mid-1990s.

DOT has had to pursue its goals of acting as a single department in the field as well as at headquarters by coping with growing needs and occasional congressional intervention through the appropriations process. The fate of the secretarial reps has been described. Congress later directed the elimination of the FHWA regions and refused to fund the FHWA regional offices. Although

the effectiveness of the regional structure was debatable, this congressional intervention—in a matter of internal management—required FHWA's fifty state divisional offices to report directly to the headquarters.

The department has taken several steps to compensate for the disappearance of the entire FHWA regional structure. These include the establishment of four service centers to provide the field divisions with technical advice and services. The current centers do not approve proposed actions of the divisions. Nor do they exercise directive authority.⁴

Essential FHWA and FTA cooperation on urban projects was set back by the changes in FHWA, because FTA continues to use a field organization with ten regions. DOT has sought to ameliorate the adverse effects of this situation by establishing metropolitan offices in large urban centers which contain both FHWA and FTA staffs. They are expected to coordinate projects with both highway and mass transit components.

The success of these recently activated field offices in pulling together DOT's interrelated field activities remains to be seen. It is still an option to consolidate the FHWA and FTA into a single Federal Surface Transportation Administration as recommended in a report prepared by the National Academy of Public Administration (NAPA) at the request of former DOT Secretary Sam Skinner.

Field Structure of the Department of Health, Education, and Welfare and Health and Human Services

The Department of Health, Education, and Welfare (HEW), now HHS, has had great difficulty in finding an effective structure that facilitated field communication and coordination. Until the removal of education and social security functions, the Department of Health, Education, and Welfare (1953-79) was unquestionably the largest and most complex of the civil executive departments. What it and its successor, the Department of Health and Human Services, did in the way of field organization and management is, therefore, of substantial interest to all who are concerned with how large, complex departments can approach this vital aspect of agency administration. The experience of the department since the early 1970s is most relevant to the theme of this chapter.

When Caspar Weinberger and Frank Carlucci, respectively, became secretary and undersecretary of HEW in 1973, they found a department that had

benefited from the astute management of the preceding secretary, Elliot Richardson. One feature of the inherited organization was an extraordinarily competent group of regional directors. Most of these officials were experienced in public management, some had long HEW experience, and several still enjoyed career status. Moreover, in spite of the broad range of programs administered by the department, these regional directors exercised substantial authority to influence, or even direct, line programs.

Weinberger and Carlucci had established an excellent working relationship during prior service in OMB, and this helped ensure a harmonious and highly effective direction of the department. Central to this success was a division of labor between the two men: Weinberger concentrated on the policy and relationship needs of HEW, while Carlucci focused on policy implementation and internal management matters.

The new leadership quickly recognized that, in spite of Secretary Richardson's past efforts, much still needed to be done to improve the department's functioning in both the headquarters and the field. To aid in designing further reforms, Carlucci created a new position of management advisor and activated a Departmental Management Council, which he personally chaired.

The new leadership launched an immediate examination of the way the field was managed, with the management advisor directing the staff work. This review aimed to strengthen the effectiveness of the regional directors by improving their access to the secretary and undersecretary, by decentralizing authority best expressed in the field, and by broadening the range of programs under the direction of the regional directors (RDs).

A first corrective measure was to remove a layer between the undersecretary and the RDs—in this case, an assistant secretary for regional affairs. Accordingly, the role of the assistant secretary was changed to remove any role in field management. The move was successful, in spite of protests from White House sponsors of the assistant secretary.

The opening of direct channels to the top leadership of the department had the immediate effect of making the RDs more important actors in all aspects of HEW management. The increased involvement of these experienced officials, who had detailed knowledge of what was happening in the field, materially contributed to the quality and feasibility of headquarters decisions. Such an outcome is possible only when the senior field officials are made a vital part of central management and are not in any way deprived of direct access to the heads of an agency.

HEW was different from both HUD and DOT. It lent itself to a regional director system with line authority because many programs involving the aged, the handicapped, children, and societal groups with special needs required coordination of service delivery. Some large departmental components, such as the Social Security Administration and the Food and Drug Administration, were less subject to control by RDs and managed their own field operations.

Decentralization was also emphasized, because the RDs could not coordinate actions performed in or directed by headquarters offices. Implementing decentralization in HEW proved much more difficult than in DOT or HUD, however, because the Washington headquarters of influential interest groups, such as the National Education Association, either failed to support or actively opposed moving more authority to the field. These stances produced congressional questioning and the threat of legislation to prevent or delay major decentralization moves. The motivations behind this resistance to measures designed to simplify and expedite service to citizens and state and local governments were not always evident, but it appeared that some Washington lobbying offices of interest groups preferred to handle issues directly with the departmental headquarters rather than being cut out of the loop by having decisions made at the regional level.

The departures of Weinberger and Carlucci several years later brought regional reform to a quick end. The new secretary understood neither management generally nor field organization. The Departmental Management Council and its staff also disappeared. The regional directors gradually lost their involvement in major department management matters, and their roles and influence steadily declined. Finally, Secretary Joseph Califano in the Carter administration abolished the regional directors and replaced them with weak "principal regional officials." Subsequently, a number of approaches to regional management have been tried by various secretaries of HEW and HHS, but the strong, institutionalized regional director system of the Richardson-Weinberger period has never been restored.

The experience just recounted demonstrates the damage that can result from placing regional officials under the direction of anyone who is not directly running a department. It also suggests that a decentralized field structure needs either a secretary or deputy secretary who is concerned with field operations.

Relationship of Structure to Staff and Systems

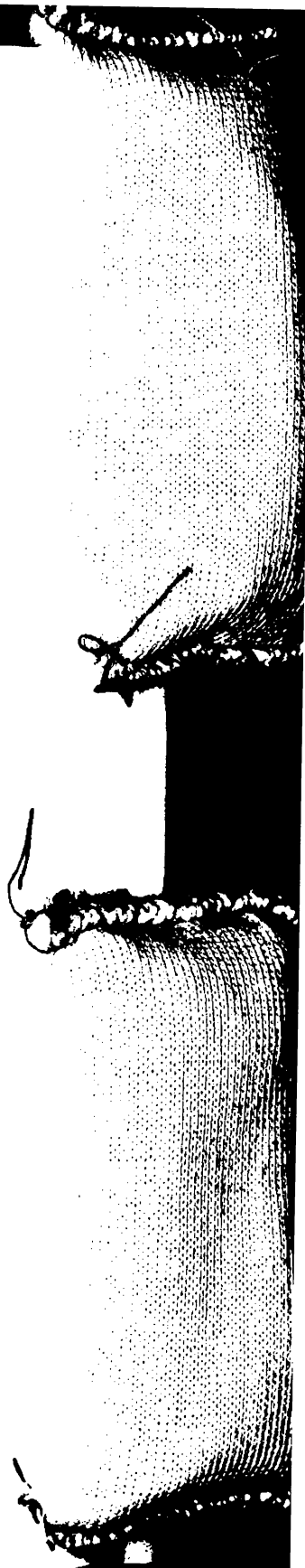
Field structure should not be designed in isolation. Management systems are intertwined with structure and should be developed in concert with it, and both structure and systems must consider the number, type, and level of staff required to make the organization work. Structure, systems, and resources are the three legs of an organizational stool which must be fitted into the design of field operations.

What Kind of Field Staff?

No structure or management system will work if it is staffed by unqualified personnel. Few things are more obvious than this, yet the staffing of field offices has dropped to a low position on the totem pole of departmental priorities. Some attribute this decline to a view that, with greater reliance on "e-government," there is less need for field personnel in most social programs. Indeed, there are areas in which the number of field personnel need to be reduced and not only because of the greater application of technology. The Department of Agriculture, for example, has been striving with only limited success to reduce the unnecessarily large number of field offices that were established many years ago in an age of muddy roads and limited rural communications.

On the other hand, the streamlining of administrative processes which reduces some field staffing needs may create new fieldwork that requires a higher proportion of high-skill responsibilities than before. Centrally aggregated statistics can provide invaluable data concerning the state of programs, but most program evaluations require onsite observation by people who live and work in the field. To the extent that presidents succeed in their efforts toward decentralization and citizen-centered approaches to domestic programs, there should be an increased priority for placing experienced people in the field who are equipped to handle more challenging managerial responsibilities.

In these circumstances it is important to increase the proportion of high-level career positions in the field relative to those remaining in headquarters. Several agencies regarded at one time as leaders in effective management, such as the Atomic Energy Commission (AEC), NASA, and DOT, had a high



proportion of their top career positions located in the field. In fact, AEC had difficulty attracting good people to Washington, which was regarded by most employees as less important than the field, "where the real work" took place. As noted earlier, when the Federal Aviation Administration was decentralized in the early 1960s, a number of supergrade positions were transferred to the field. The same was true of the founding of HUD.

This emphasis on qualified field personnel points up the need for greater attention to the training and development of field personnel as they face new responsibilities. It is unfortunate that, as changes in the roles of agency personnel have accelerated in recent years and the need for retraining federal employees has increased significantly, the capacity of the Office of Personnel Management (OPM) to provide employee training and development leadership within the executive branch has plummeted. For years it has been clear that domestic agencies attach far less importance than the military to employee development. They fall even farther behind the priority assigned to training by most major corporations. Inexplicably, this deficiency grew worse during the 1990s at the very time that President William J. Clinton was striving to change the culture and role of federal personnel. The need to reverse this negative trend is especially acute as it applies to social services agencies that have the most difficulty securing funds for training but in which work assignments are most fluid. Homeland security adds a new sense of urgency in this regard.

As part of the development of career leadership, the government should find a way to foster mobility of nontechnical personnel among field offices and with headquarters, especially at the Senior Executive Service (SES) levels, as contemplated by the Civil Service Reform Act of 1978. At one time several agencies required field experience before advancing people to top career positions in Washington, a practice that has considerable merit. The practice of using mobility for punitive purposes during the middle 1990s has made career people wary of participating. The Merit Systems Protection Board and Special Counsel have failed to deal with this abuse in the way contemplated by the 1978 Civil Service Reform Act.

One reason for the decline in stature of field operations has been the politicization of field leadership through both Republican and Democratic presidencies. Despite some excellent political appointees, the political process has not produced the general level of qualified field leadership which a well-managed merit system can provide. Grant and contract awards by politi-

cal appointees are more vulnerable to attack as being politically motivated than those awarded by career managers. Indeed, grants denied to communities or local governments because of political considerations would seem to constitute mass discrimination against those who live there.

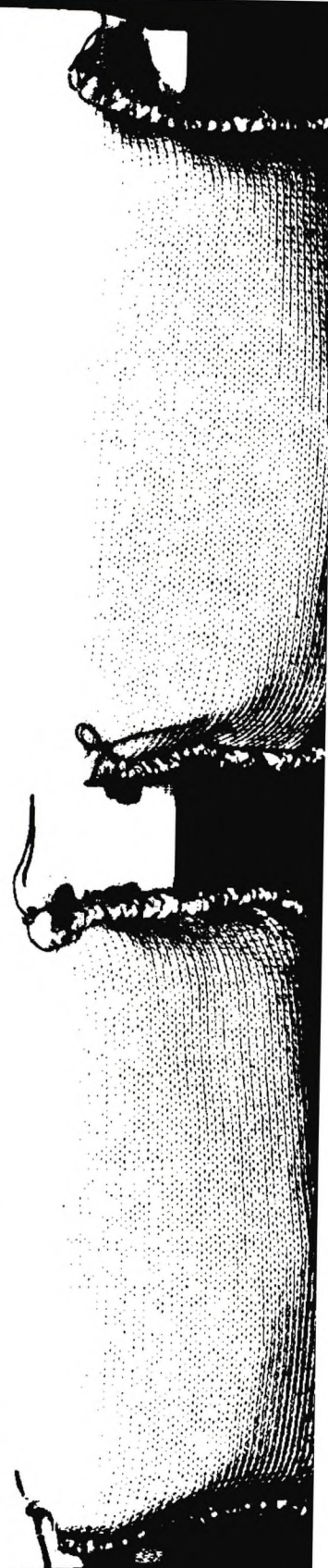
Political appointees in the field frequently possess more loyalty to their sponsoring political leader or special interest group than to the department head or the president. They are more susceptible to pressures from their sponsors than are career leaders, who may have questionable ties to interest groups but are rarely as dependent upon such groups for their appointment or advancement. Further, political appointees may be well versed on policy issues, but, because of their much shorter tenure, they are seldom as well informed on program operations as the senior careerists and generally do not develop a good grasp of their job until they are about to begin looking ahead to their next job outside government. Most do not provide continuity, and their vision for the agency and its programs tends to be coterminous with their expected tenure. Finally, the number of low-level political appointees is much higher than one finds in other advanced countries, to the extent that White House personnel offices lack the capacity to screen them adequately to ensure high quality.

It should be noted that the report on which the 1978 Civil Service Reform Act was based recommended that field offices be headed by career men and women.⁵ The prestigious Volcker Commission wisely urged that the number of political employees in government be reduced by one-third. Political appointees play a vital role in policy making, but policy is not the role of field offices.

Modernizing Management Systems

One of the problems produced by the typical approach of addressing Washington first when modernizing systems and then turning to the field almost as an afterthought is that this sequence places too much emphasis on Washington convenience and not enough on either the needs of field personnel serving the public or the needs of the public being served.

Modernization of management systems should be based on information gained by reviewing them in their entirety, on a life cycle basis, integrating both headquarters and field activities, rather than in segments, or in sequence, even though implementation may need to be phased. Programs involving discretionary decision making in their operations should be decentralized as



much as possible, underscoring the importance of including the field portion of a redesign at the outset. The discussion of decentralization later in this chapter illustrates how President Nixon and the BoB found decentralization critical to reforming domestic program management systems.

Through the use of the life cycle process reviews and strong decentralization, the New Federalism program of President Nixon reformed hundreds of grant systems, often saving 75 to 90 percent of the time and effort devoted by both federal and local officials to grant preparation and approval activities. This reform reduced positions, cut processing time to a fraction, and provided accountability that had been missing. Finally, this streamlining permitted more flexibility to respond to the unique conditions of widely varying conditions. As one would expect, the results garnered considerable bipartisan support in Congress and among state and local government leaders.

No comparable range of in-depth analyses have occurred since that time, yet homeland security operations will require a renewed streamlining effort in order to develop greater compatibility among agency field operating systems and to increase their capacity for operating quickly. Undertaking this effort necessarily requires looking at both administrative and program systems in their entirety.

Field Coordination

In view of the formidable coordination task presented by the war on terrorism, it is helpful to reexamine past experience in striving to make interagency and intergovernmental coordination more effective. Despite considerable rhetoric about the need to consolidate related programs and eliminate those that perform marginally, government continues to fund hundreds of domestic programs administered by dozens of agencies, each with its own culture and way of doing business. Many of these programs involve all three levels of government—national, state, and local. The array of different delivery systems is often something of a nightmare when viewed from the vantage point of those being served. Unfortunately, OMB no longer analyzes such problems in enough depth to ascertain their prevalence or to take corrective actions comparable to those in earlier years.

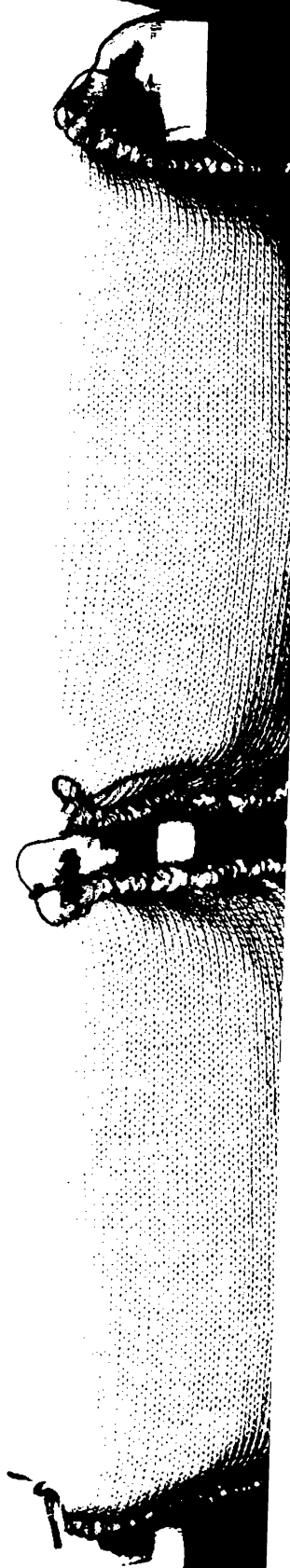
This fragmentation of government agencies and programs has been a boon to the leaders of special interest groups. It has offered a tempting vehicle for members of Congress to gain credit for fighting on behalf of appropriations

for their special programs, no matter how much their efforts contribute to further splintering of the programmatic landscape or to fattening the budget. But neither individual people nor their communities can be carved up and divided along the structural lines of the hundreds of assistance programs or the variety of agencies that administer them.

For example, it is difficult for local city or county officials to integrate a federally assisted rapid transit system with other federally assisted projects that affect economic development and social services if the federal field offices are located in different cities, require different planning approaches, and do not work closely together. Neighborhoods in Des Moines, Iowa, or Los Angeles, California, cannot be expected to try to coordinate the federal government. Yet, beyond continued efforts toward block grants, the federal government no longer gives much attention to making coordination of federally assisted programs easier.⁶

This has not always been the case. Again, a case study from some decades ago provides the best example of a concerted federal effort to provide field coordination. It began with a unique response to a large-scale tragedy, a response that turned out to be the prototype for a nationwide coordination program some years later for a number of departments. In 1964 the most powerful earthquake in the history of the North American continent struck Alaska, registering about 9.2 on the Richter scale and lasting an incredible four minutes. Over sixty-four thousand square miles of surface rose or sank permanently eight feet or more. Two-thirds of the Alaskan population resided in the affected area, where all public facilities were damaged or destroyed. Water and sewer lines were broken and often had to be redesigned and relocated as a result. Hundreds of homes were destroyed, some disappearing into the ocean, as did the terminus of the Alaskan railroad. Alaska's main economic base, fishing, was put out of business because many boats were destroyed and the small boat fishing harbors were inoperable, needing to be rebuilt. Property lines shifted, creating legal problems for rebuilding which had to be resolved within weeks. Alaska faced the prospect of rampant inflation. In addition, despite the short Alaskan construction season, most reconstruction could not begin until extensive drilling by heavy equipment barged from the lower forty-eight states could first enable engineers to determine where it was safe to rebuild.

No engineer thought the relocation, redesign, and reconstruction of basic facilities such as harbors and water and sewer systems could be accomplished



before the frigid fall weather would halt construction, causing much of the population to flee to the lower forty-eight states. As a new state with limited population in days before oil revenues enhanced state coffers, Alaska had little capability to cope with this calamity. The federal role was paramount if there were to be any chance of success.

President Johnson responded quickly by reconstituting most of his cabinet as the Federal Reconstruction and Development Planning Commission, to be chaired by a powerful ally in the Congress, Senator Clinton Anderson, a former secretary of agriculture. A senator could not direct action, so Johnson appointed a senior career person as executive director of the commission who also reported to him to ensure that the rebuilding moved forward with great speed. The task was more complex than any disaster recovery in our history because of the range of damage, the unprecedented urgency, and the fact that the president determined that the whole recovery effort would not merely rebuild, as in prior disasters, but also would incorporate changes to enhance future Alaskan economic development.⁷

Every state and local agency in the area, as well as virtually every federal agency plus three foreign countries—Canada, Norway, and the Soviet Union—became involved in the reconstruction effort. The federal government faced an unprecedented challenge in meshing the work of so many groups, especially because urgency permitted only a few days in which to organize.

Simplicity and innovation were the guiding themes for managing the process. Streamlined management approaches avoided the establishment of special procedures, except for a system of rapid reporting. Nine specialized inter-agency task forces were established, plus the Alaskan Field Committee, which ushered in a new approach to coordination that became the prototype for the nationwide regional councils that would come later.

The Field Committee was composed of the highest-ranking field person from each federal agency with field offices in Alaska. The executive director appointed the field coordinator of the Interior Department to chair the committee. No special authority was given the committee, and each member relied on the authority he or she had as an agency official. The committee's task was to coordinate, and help expedite, the operations of the various agencies with one another and with their counterparts at the state and local level. Under no circumstances was it to become another decision-making layer in the federal system.

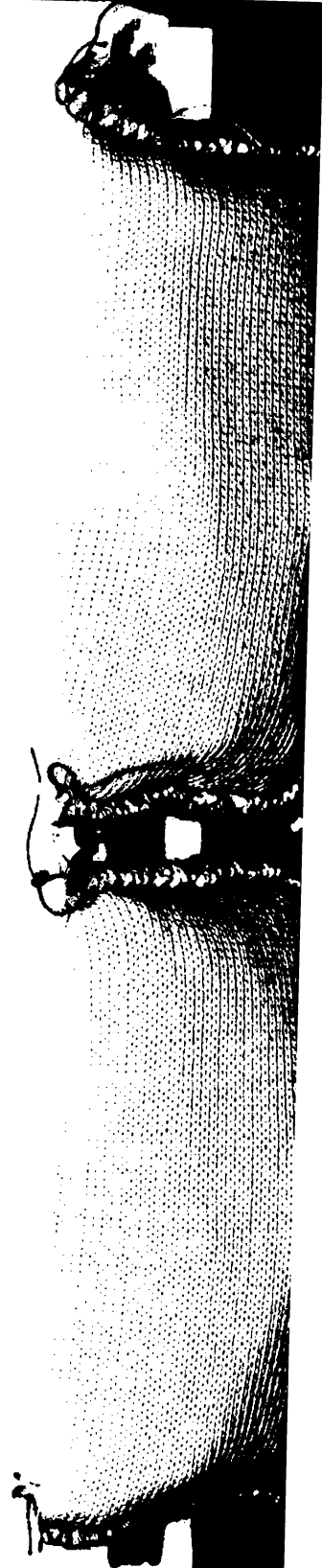
Alaska Governor Egan established a State of Alaska Reconstruction and Development Planning Commission as well as a state coordinator who accom-

panied the federal executive director on his frequent visits to Alaska and participated in all the federal meetings. The attorney general of Alaska was given an office in Washington next to that of the executive director and attended the Washington staff meetings as well as those of the federal commission.

Coordination was further enhanced through the "circuit-riding" visits of the federal executive director, who would come to Alaska roughly every ten days for a ten-day visit of all the communities that had been struck by the earthquake. In each community the director would conduct public meetings in a school auditorium or gymnasium. Around a large table sat members of the Field Committee, together with state and local officials. Members of key task forces and community organizations gave brief reports, after which the interagency/intergovernmental group of officials, chaired by the executive director, moved forward to develop community plans and set schedules, assign priorities, and resolve problems. Of particular significance is the fact that there were no separate federal plans, no state plans, and no local government plans. By virtue of this coordinated effort, the group instead produced joint rebuilding and redevelopment plans, such as the "Valdez Plan," the "Seward Plan," and the "Turnagain Plan," which incorporated the thinking of all three levels of government and the citizens. There were no secret meetings or executive sessions.

Back in Washington, department heads worked together in their role as commission members to develop policy, and the deputy department heads were available to help the executive director resolve any problems relating to their department. Several departments quickly delegated more authority to their member of the field committee and were surprised at how well their field representatives performed with so little guidance from departmental headquarters.

This unique interagency, intergovernmental coordination arrangement was given enthusiastic support from the Bureau of the Budget and achieved great success in meeting the president's goals. Peacetime construction records were broken, inflation was prevented, and legislation was passed regarding debt adjustment, disaster loans, and civil works. As a result, people did not have to leave Alaska as the fall arrived with freezing temperatures, and the state survived the earthquake's destruction. Five months after the earthquake, in an editorial entitled, "Government at Its Best," the *Anchorage Daily News* praised the innovative leadership and coordinated action of the Reconstruction Commission staff before concluding, "If more government officials func-



tioned with the same type of attention to needs and details, the word 'bureaucrat' would fast disappear from popular dictionaries."

The Alaskan experience provided a model for regional coordination of federal programs more generally. As management problems of the Great Society programs increasingly plagued the Johnson administration, Phillip "Sam" Hughes, deputy director of BoB, drew upon the Alaskan experience to establish four pilot regional councils patterned after the earlier Alaska Field Committee but with each council covering a group of states. The results were promising, though the councils were handicapped because their members were scattered among cities, often hundreds of miles apart. At the outset of the Nixon administration this regional concept was extended to create ten regions with regional councils and coterminous boundaries that covered the whole country. Further, those agencies having most of the federal assistance programs co-located their regional offices in the ten regional cities designated by BoB.

As in Alaska, each of the ten councils was composed of the ranking field official from each department in the region. The councils had no authority *per se* but relied on the departmental authority possessed by each member. Similar to the Alaskan prototype, the role of the councils was not decision making but, rather, coordinating and expediting actions and plans. In lieu of the president's executive director, who had overseen the Alaskan operations, the BoB Office of Executive Management now designated several of its staff to be "Council Watchers" and to spend much of their time in the field monitoring the work of the councils. Their role was to assist the councils and to make sure they served as expeditors of federal services and did not become another level of bureaucracy. An Undersecretaries Group was established to assist in the Nixon streamlining programs, with special emphasis on decentralization and the operation of the regional councils. The seven major public interest groups of state and local governments (e.g., mayors, governors, and city managers) sent several joint letters to the White House commending the administration on the entire BoB (later OMB) grant reform program, of which the regional concept was an important part.

After a few years of success, however, White House pressure led most departments to replace career field leaders with political appointees, thereby lessening their credibility as impartial administrators of federal grants and contracts. Further, in 1973 the OMB management staff was broken up so that the councils no longer had the Washington support that had been so impor-

tant. The Undersecretaries Group also deteriorated into relative unimportance. As a result, the whole regional coordination concept faded and died.

No serious effort at operational coordination among the domestic departments and agencies has been made since the early 1970s. No broad survey has been made in years concerning the extent to which the current lack of federal interagency or intergovernmental coordination presents a problem with or without terrorist threats.

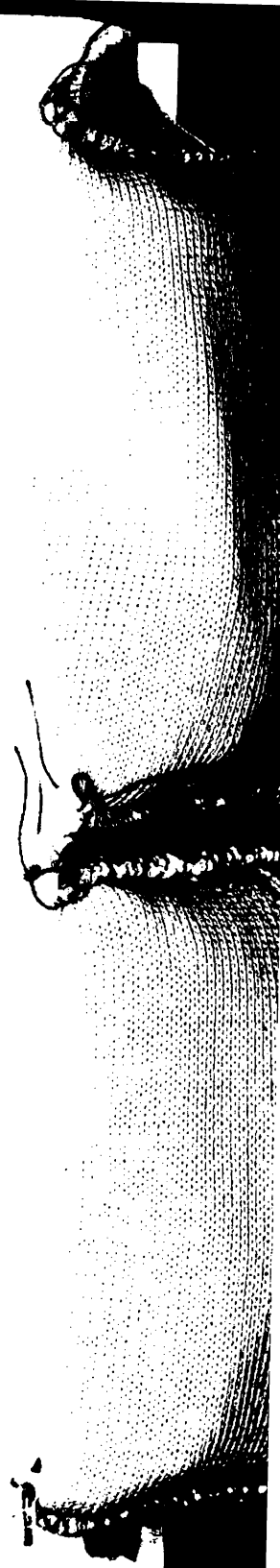
Now the performance bar has been raised dramatically. The battle against terrorism presents a far greater coordinating challenge for the United States than we have faced before, requiring the most effective interagency field coordination performance in our history. Yet the federal government no longer has anything in place to build upon since the Advisory Commission on Intergovernmental Relations is gone, and the capacity of OMB to address crosscutting management issues and the integration of related operations is nearly nonexistent. Management leadership in the departments is fragmented.

We must find a way quickly to develop new approaches to coordination. Since we have no idea at what day or hour our field organizations may be tested by an unexpected attack, there is great urgency. The experiences outlined here are not adequate for the needs of today, but they will be useful in designing systems to meet new challenges.

Decentralization

Few federal management concepts have been more widely promoted, but more poorly administered, than that of decentralization. With its populist overtones it is easy to understand why politicians continue to wax eloquently about the need to bring government closer to the people. President Bill Clinton and Vice President Al Gore pressed for government to be more "customer" oriented and called for decentralization as part of the "Reinventing Government" program. One of the five key elements of President George W. Bush's Management Agenda is "Citizen-Centered Government."

Many career leaders also advocate decentralization. Why so much support? First, the flowcharting of program delivery systems shows that, when properly managed, discretionary programs that are operated largely in the field move forward far more rapidly with less cost and fewer staff members than when they are administered largely in Washington. Field personnel are closer to the people served by federal programs than their Washington colleagues and un-



derstand their problems more clearly. Washington is not in as good a position to tailor agency actions to the unique circumstances of individuals and their communities.

Washington-run operations tend to generate unnecessary paper flows as headquarters officials substitute detailed reports from the field for firsthand knowledge of the circumstances under which the federal assistance has been requested. Reports that provide quantitative information are essential, but these reports cannot convey the information on the qualitative circumstances of the recipients and their particular needs which is available to field personnel through their personal observations and interactions. Earlier studies have shown the difference in effectiveness to be enormous in many cases.⁸

Second, as mentioned earlier, the more that headquarters immerses itself in conducting operations, the less time and attention it can give to its primary roles of policy development and direction, the monitoring of program performance, and program evaluation. The last two functions are perennially shortchanged because of a combined lack of attention and skill.

Not all domestic programs are candidates for decentralization. Operating payrolls, aggregating data, and processing standard forms that involve large numbers of people and families throughout the country, such as social security, appropriately involve considerable centralized data processing. But even in these areas there still is a need for employees in the field who are accessible to the public. Too often discussions take place in the simplistic terms of programs being either centralized or decentralized, when in fact most have a combination of centralized components, such as policy, as well as decentralized operations.

Despite the pledge of incoming political leadership to bring government closer to the people, relatively few such programs are successful over a period of time. If decentralization has so many advantages when properly managed, why is this so? One major reason is that decentralization is seldom well managed. The Reinventing Government decentralization was ill designed and implemented for the most part, and the Citizen-Centered portion of the Bush Management Agenda has had difficulty getting off the ground. Since President Nixon's New Federalism program, no government-wide effort to decentralize has met with great success.

Decentralization is a surprisingly sophisticated concept that requires skill and experience to design and manage. The well-intentioned Office of Personnel Management decentralization of the 1990s illustrates some of the prob-

lems. The agency followed the intent of the earlier Civil Service Reform by delegating authority for certain personnel actions to departments and agencies. But its leadership forgot that the organization doing the delegating retains responsibility and accountability for whatever is delegated. Exercising that responsibility requires: (1) first ascertaining that the delegated organization has the will and the resources to handle the delegation; (2) providing sufficient training to those who receive the delegations; and (c) ensuring that the delegating organization has in place the necessary internal monitoring capacity and is able to respond quickly to emerging problems. OPM carried out none of these critical elements and has had to struggle to regain its leadership role.

Decentralized Structure of the Federal Aviation Agency

The Federal Aviation Agency (FAA) provides an early example of a major independent agency massively (and successfully) reforming its field structure and strengthening the role of its regional officials in the period from 1961 to 1964. At the time of its creation, in 1959, the FAA had inherited the extensive field structure of its predecessor, the Civil Aeronautics Administration (CAA), which had been a part of the Department of Commerce. The CAA was a stovepiped, centralized entity with hundreds of field offices, which took their directions from specialized divisions in Washington. The CAA had six regional managers, but these officials were chiefly concerned with administrative services, rather than the oversight of line programs such as air traffic control systems, maintenance, and the enforcement of air safety standards and regulations.

During its first two years the FAA grew rapidly. Little was done to alter the way that the CAA had carried out field operations. The first FAA Administrator, Elwood "Pete" Quesada, was preoccupied with matters of policy, jurisdiction, headquarters staffing, and the construction of Dulles International Airport and preferred not to make any major changes in how the field functioned. Late in Quesada's two years as administrator, the new FAA Office of Management Analysis performed a major study at the direction of the associate administrator for administration, a career official. This study documented numerous problems in how the agency was functioning in the field and proposed placing more line authority in the hands of a new group of powerful regional directors. Quesada made only minor adjustments to the authority of the existing regional managers, but the report was not forgotten.

Najeeb Halaby, who became the administrator in 1961 under President



John F. Kennedy, had been deeply involved in the studies that led to the passage of the Federal Aviation Act. Among the first questions he put to the associate administrator for administration was "Why is the FAA so centralized?" Halaby quickly adopted most of the recommendations of the earlier report and, after a meeting of senior FAA officials, announced his decision immediately to decentralize the agency. The principal changes implemented by the administrator were:

- placing most of the seven regions under top-level GS-18 regional directors, all of whom were in the career service, and abolishing the position of regional manager;
- delegating all authority of the administrator to the regional directors, except where specifically withheld by an agency order;
- replacing all previous line bureaus with "services," which functioned chiefly as staff offices concerned with improving or advising in the execution of line programs;
- prescribing that regional directors were to report only to the administrator and deputy administrator and that they would receive mandatory directives only from these officials;
- reducing the size of headquarters substantially, to reflect the many authorities and approvals that were shifted from Washington to the field; and
- sending several powerful bureau chiefs to the field to serve as regional directors.

This radical reform required three years for full implementation and was opposed by all the bureau directors. It was based, however, on careful management studies that convinced the administrator and deputy of its necessity. The result was a more efficient and responsive agency, which was able to reduce total staffing by four thousand positions in the face of increasing workloads. The success and increasing acceptance of the field reorganization was in large measure due to a strategy specifically intended to reduce internal resistance whose principal elements were:

- issuance of an agency order prohibiting any reduction in force or reductions in employee compensation, if the action was due to decentralization or other management improvements;

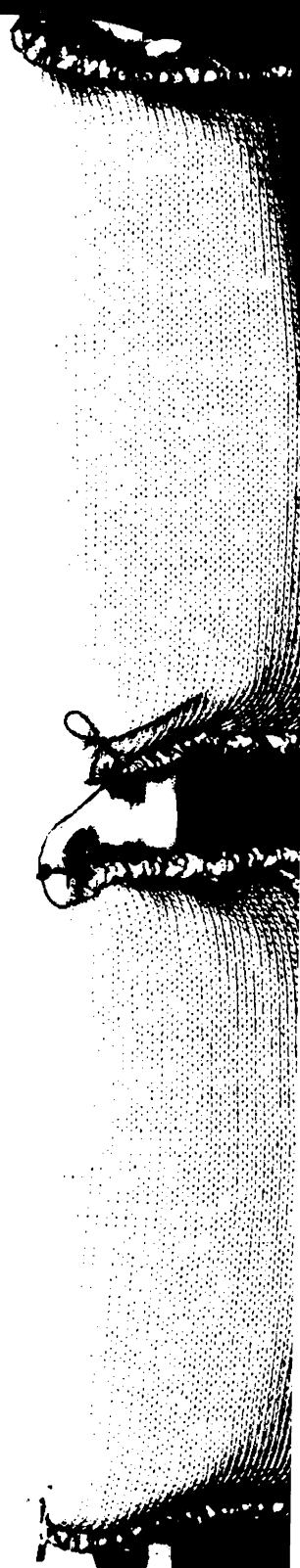
- the delegation of all headquarters' authority to the regional directors, except where specifically withheld by agency order;
- the appointment of several high-level headquarters officials, most of whom had strongly opposed the reorganization, to the post of regional director (these officials quickly became ardent advocates of decentralization); and
- the utilization of a strong staff of management analysts and industrial engineers who designed the reforms and identified needed changes during the implementation phase.

The design and implementation of sweeping changes such as those enacted in FAA field operations can only take place when there is strong persistent leadership. There must also be the capability for management planning independent of the parts of the agency most directly affected by changes. Resistance to reform is often encountered from headquarters officials fearful of losing power or status.

Decentralization to the field can be sustained only under agency managers who understand how it should function and who are prepared to resist frequent headquarters efforts to pull authority back from the field. Unfortunately, there have been a number of recent changes in the FAA's distribution of authority which have tended to undermine some of the Halaby reforms. Contributing to the general weakening of the field directors was the increase in the number of contiguous state regions from five to nine. This change, undertaken in an effort to conform to President Nixon's standard regions, spread out and thinned the staff available to assist the regional directors in carrying out their responsibilities. Nonetheless, the FAA reorganization stands as a case study of the benefits to agency performance of a well-conceived and well-implemented decentralization plan.

Conclusions

American political leaders need to rediscover federal field operations and the important role that the field plays in the capacity of departments to carry out their missions effectively. With the dramatic arrival of the new dimension of homeland security, effective field operations should regain a crucial role, which has faded since the days of Johnson's Great Society and Nixon's New Federalism. In fact, if the United States fails to modernize federal field ma-



chinery and dramatically improve its ability to foster close teamwork among federal, state, and local leaders around the country in a way that is essential to meet the new challenge of terrorism, the failure could easily endanger the lives of many thousands of U.S. citizens.

Revitalizing our field operations to meet current challenges suggests two steps for consideration. First, the Department of Homeland Security will require far more early steps to be taken quite rapidly to equip federal field organizations to address terrorism issues.

Second, the longer-term needs not only of the antiterrorism effort itself but of the impact of homeland security on other nonsecurity field operations require a careful, deliberate, and in-depth review of the whole field structure of the domestic agencies. This second step will require a special mechanism that does not currently exist.

At one time a president could look to the management staff of BoB, subsequently OMB, for leadership in making both our federal field machinery and our intergovernmental arrangements more effective. Today OMB no longer has the capacity to play those roles as the management component is largely missing from that institution. Adding to the problem, agency management has become increasingly stovepiped by both Congress and the executive branch, with the result that department heads no longer have a continuing institutional management leadership arm within their department to help them.

Therefore, in order to address the broader long-term issues that affect the whole federal field system, we recommend establishing a presidential task force to examine executive branch domestic field operations thoroughly in light of today's changed conditions. The task force should be given six months to a year to recommend longer-term actions for modernizing homeland security field operations and their impact on other domestic activities. This charter should include how our federal field operations might most effectively partner with state and local public and private institutions where appropriate.

Developing recommendations for reshaping federal field structures and processes will require highly sophisticated management analyses against a complex political background. The task force should include people with substantial federal headquarters and field management experience as well as members with state and local government backgrounds. It should also utilize analyses and advice from nonprofit organizations.

In addition, this task force should also submit recommendations regarding an institutional support unit that could be established in the Executive Office

of the President to provide continued oversight of the functioning of inter-agency and intergovernmental arrangements in both headquarters and field. It would also provide oversight and assistance in strengthening the management capacity of individual domestic departments and agencies, including their program and administrative management analytic capabilities. Installation of new structures and systems over the years will require continuing leadership for ensuring the necessary experimentation, pilot operations, and simulations to test new systems, structures, and coordinating mechanisms as they are put in place.

We recommend against locating this institutional support in OMB. Beginning a few years after the Bureau of the Budget's reorganization, in 1970, into the Office of Management and Budget the management capacity of OMB has steadily declined, despite numerous reorganizations and congressional legislation designed specifically to restore the *M* in *OMB*, a management leadership role that thrived only in the first several years of its existence. It is now evident that the budget will always dominate this institution to the detriment of the president's need for broad management leadership in the executive branch.

The challenge of homeland security and its relationship with other domestic activities calls for innovations in field operations and coordination which provide reform, not mere tinkering. New institutional management leadership will be essential to bring about the necessary reforms and to sustain them.

