

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

August 22, 1969

MEMORANDUM FOR RECORD

SUBJECT: Memorandum for the President, Subj: The Executive Office  
of the President dated August 20, 1969

Per Mr. Comarow, the original signed copy of the memorandum was given to the President in California. Additional distribution in California included:

Mr. Haldeman  
Mr. Ehrlichman  
Mr. Flanigan  
Mr. Kissinger  
Mr. Ziegler

All Council Members

Mr. Comarow  
Mr. Rouse  
Mr. Golde  
Mr. McCormack

Please note the attached distribution list for the Council Staff distribution.

This memorandum is sensitive and is not to be released to other than those individuals listed above nor reproduced or distributed outside the PACEO.

gmcoleman

Attachment

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

Distribution List

RCopy #1: File (duplicate signed copy)

RCopy #2: ~~Mr. Comarow~~ *file to file 17 Nov*

RCopy #3: Mr. Rouse

RCopy #4 Unassigned

RCopy #5: ~~Mr. McCormack~~

RCopy #6: \_\_\_\_\_

*17 Nov. G to Mr. Rouse*

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

MEMORANDUM

August 20, 1969

For: The President  
From: The Advisory Council on Executive Organization  
Subject: The Executive Office of the President

These are your Council's first recommendations on the Executive Office of the President that we promised in our memorandum to you of July 19, 1969. They are based on our conclusion that the increased pace, scope, and complexity of national affairs require improvement in the managerial capacity of the President's Office.

We have analyzed studies made since 1939 on Presidential management and conferred with many contributors to those studies. Regardless of ideology or party, there is virtual unanimity that organizational improvement of the Executive Office of the President is needed.

Two of the recent studies were the Heineman Commission Report in 1967 and that of your task force (The Lindsay Committee) in 1968. A June 1967 Heineman Commission working paper on the Organization and Management of Great Society Programs said: "Today there are major gaps in the President's institutional staff. The President lacks institutional staff and machinery to insure that the broad social goals of his policies are achieved through coordinated delivery of a host of federally inspired programs in thousands of individual communities .... While the President today is served by especially

gifted men their jobs do not allow them time to plan for the long run, to engage in systematic program analysis, to weigh new program ideas and program priorities."

In December 1968, the Lindsay task force on the reorganization of the Executive Branch, recommended "... that the President-elect give first priority to organizing more effectively the White House and Executive Office as the best way to improve the operations of the entire Executive Branch."

We agree with both of these conclusions. We also believe that the structure of the Executive Office pervasively influences the effectiveness of the entire Executive Branch. While most of the management today within the Executive Branch can and should be performed by the agencies\*, there are aspects of the overall management responsibility which must be provided for organizationally in the Executive Office. These involve processes and mechanisms through which the President can (1) exercise his own authority more effectively; (2) determine what should be delegated and to whom; (3) insure that delegated authority is being exercised properly; and (4) permit him to reassign or take back, from time to time, the authority delegated.

There are seven of these management processes which must be encompassed within the organization of the Executive Office. In some of these, certain improvements have been made since January 1969; in

\* As used in this memorandum, "agencies" includes the departments, agencies and other units of the Executive Branch outside the Executive Office of the President.

others, organizational inadequacies persist. These management processes are --

1. Development of Policies and Programs. The translation of national goals into specific, workable, and consistent action programs is a primary Presidential responsibility. Federal programs have become increasingly interrelated and they often involve more than one agency. For these, no single agency has the necessary overview. However objective an agency may try to be, it cannot be expected to make government-wide priority decisions. Also, some programs which fall within one agency may at times require Presidential perspective in their formulation.
2. Proposal of Legislation and Budgets. Many legislative decisions cut across agency lines or involve political judgments requiring Presidential insight. Similarly, all major budgetary decisions are made in the broad context of national needs and available funds and typically involve not only present but future commitments of the country's resources. Both legislative and budgetary priorities need to be set by the President.
3. Assignment of Organizational Responsibilities. Many program decisions are made without due regard for their organizational implications. When programs are forced into inappropriate molds, their effectiveness suffers. And even when organizational questions initially receive the consideration they require, no one adequately sees to it that

organizational form continues to fit the intended purpose. The result is to lock the Executive Branch into patterns of disorganization that persist into the future. Resistance to organizational change is a principal obstacle to effective government, and yet the complexity, scale, and innovative nature of today's programs demand greater and ongoing attention to sound organization. The President's overview of the Executive Branch provides the only perspective from which to determine the organizational adaptations needed to accommodate ever-changing requirements.

4. Resolution of Program Management Problems. Interagency differences do not always require the intervention of superior authority and it is generally wise to permit the agencies to work out their own differences if they can. But sometimes agencies compromise on issues to their own satisfaction in such a manner that the public interest is not best served and administration policy is not followed. The Executive Office of the President is the only place where some issues can and should be resolved. Perhaps even more importantly, the Executive Office, on its own initiative, must occasionally grasp an operating problem and supply the advice and impetus needed for its effective solution.
5. Evaluation of Programs. An effective agency will evaluate the results of its own operations in order to manage its programs. However, an agency cannot fairly judge overall program effectiveness in multi-agency operations. Differences

in perspective and interpretation between Presidential and agency levels require a capacity in the Executive Office to evaluate program performance.

6. Development of Executive Personnel. Without sound management processes, effective performance is exceedingly difficult. It does not follow, however, that such processes produce good results. Only people do. There is a critical need for first rate government executives. This poses an increasingly difficult problem in the face of intense competition for executive talent. Moreover, the government does not have personnel policies or mechanisms which permit the mobilization of the best managerial talent in the places where the needs are greatest. Individual agencies cannot effectively do the job. While appreciating the present role of the Civil Service Commission, we believe that the President's Office should take the lead in developing programs to recruit, train, motivate, and deploy top executives.
  
7. Creation of an Information System. Today, the President is not systematically and continually informed about many of the Government's programs. On some matters, he receives a great deal of data, some pertinent, some not. On other matters, he is inaccurately or inadequately informed. Not only does the President lack needed information about activities of the Executive Branch - the agencies in the Executive Branch lack information about their own operations.

The data available suffer from inconsistent definitions, techniques, and coverage. To meet the requirements of the Executive Branch, and to meet the President's singular responsibility, an information system is needed. The impetus for such a system can only be provided by the President.

#### The Council's Views

Reliance upon the Agencies. Abstract organizational principles, per se, have little value. The challenge is one of reducing to human scale the task of coping with the nation's most pressing and changing needs. The only way to meet this challenge is through greater reliance upon the agencies. The prerequisite is dramatic improvement of the management processes of the Executive Branch, with leadership from the President's Office.

A President whose programs are well designed; whose organizational assignments are plainly set out; and whose information system keeps him adequately informed and signals the need for Presidential attention, may delegate authority with security and confidence. A President whose office lacks these processes will necessarily be less inclined toward delegation and will try, by default, to retain in his control operating responsibilities he cannot possibly handle. Further, if agency heads have clear authority, they will have a greater capacity to manage their own departments as well as to respond to the needs of the President.

Flexibility and Continuity. Each President should have the freedom to organize his Executive Office in the way that will make



him most efficient. To achieve that flexibility the Council believes that the President should immediately seek reorganization authority over his Executive Office.

Continuity of certain basic organizations and functions can greatly aid every President even though each may use the organizations differently. Such organizational structures should endure, therefore, from administration to administration.

Presidential View of the Executive Office. Care should be exercised in adding organizational units reporting to the President. 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 thus may result in a net loss of overall effectiveness. The concepts we are suggesting to provide organizational structure for the seven management functions in the Executive Office make a minimal charge on the President's time.

Transition. We could not fail to note that many of our recommendations are similar to those recommended earlier to other Presidents and, in some instances, by those Presidents to the Congress. Yet the unfortunate fact is that such changes, identified again and again, to make the President's job manageable have not been accomplished, although the need for them intensifies.

On December 3, 1929, President Hoover's first message to the Congress stated:

"This subject (departmental reorganization) has been under consideration for over 20 years. It was promised by both political parties in the recent campaign. It has been repeatedly examined by committees and commissions --

congressional, executive and voluntary. The conclusions of these investigations have been unanimous: that reorganization is a necessity of sound administration, of economy, of more effective governmental policies, and of relief to the citizen from unnecessary harassment in his relations with a multitude of scattered governmental agencies. But the presentation of any specific plan at once enlivens opposition from every official whose authority may be curtailed or who fears his position is imperiled by such a result; of bureaus and departments which wish to maintain their authority and activities; of citizens and their organizations who are selfishly interested or who are inspired by fear that their favorite bureau may in a new setting be less subject to their influence or more subject to some other influence."

The world has changed greatly in the past 40 years, but the human problems involved in organizational change endure. They must be directly addressed.

Organizational Concept. We have given detailed attention to several alternatives. Each has in common the establishment of an Office of Executive Management to assist the President in carrying out a part of his management responsibilities. The alternatives differ in the way each deals with the balance of his managerial job, namely the placement and organization of the domestic policy and program development function.

We favor a structure which would vest that function in a Domestic Policy Council with a full time, Level II director and the President as Chairman.

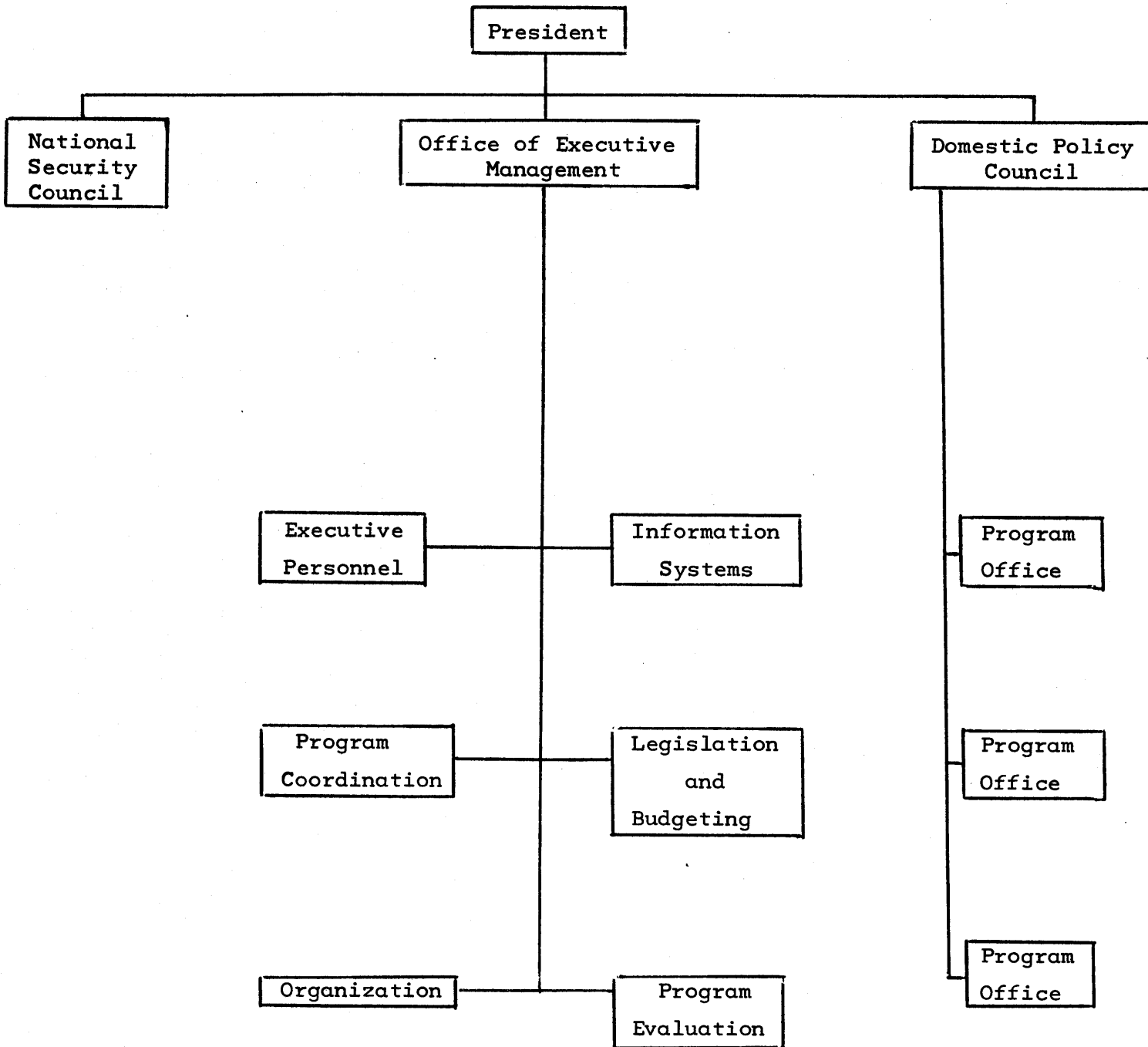
The Domestic Policy Council director would supervise several deputies. Each would be responsible for program development in a broad program area. Existing entities would be considered for

subsidiary responsibilities if feasible, and new units such as one for natural resources, could be set up.

~~In making these first recommendations, we have not addressed ourselves to the statutory bodies within the Executive Office.~~

The following chart illustrates our proposed concept.

Conceptual Chart of Part of the Functions  
of the Executive Office of the President



In considering the placement and organization of the policy and program development function, we rejected a number of alternatives, including placing that function

- in an office under the Director of the Office of Executive Management;
- in a separate office at the same level as the Director of Executive Management, and also reporting directly to the President;
- in two or more councils each dealing with various aspects of the policy and program development task, and each reporting directly to the President.

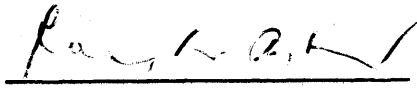
The alternative we have chosen, one Domestic Policy Council, provides a place where major domestic programs may be evaluated against each other and against available resources, and integrated for maximum effectiveness. Further, it formalizes the best arrangement for the distribution of the executive workload. This arrangement should substantially contribute towards better management of the Executive Branch.

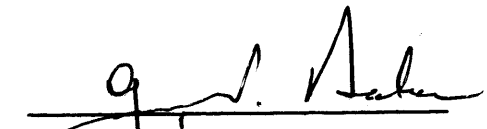
#### The Council's Recommendations

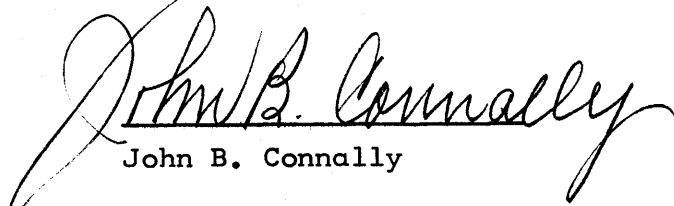
1. An Office of Executive Management. We recommend that you approve in principle the establishment of an Office of Executive Management and that you direct us to work out the necessary plans for your approval.

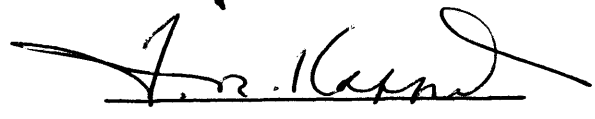
2. A Domestic Policy Council. We recommend that you approve in principle the establishment of a Domestic Policy Council for policy and program development and that you direct us to work out the necessary plans for your approval.
3. Reorganization Powers. We recommend that you direct the Bureau of the Budget to prepare draft legislation giving the President broad powers to reorganize the Executive Office of the President.
4. Executive Personnel. We recommend that you appoint a full time Presidential Assistant for Executive Personnel to collaborate with us in evolving a plan for the development of the Executive Personnel function.

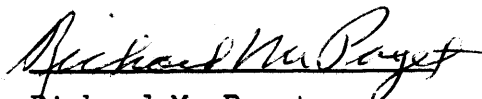
We would hope that this paper be circulated for comment to key members of your immediate staff so that we may have the benefit of their views in developing the implementing plans.

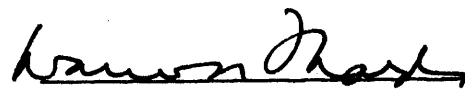
  
Roy L. Ash, Chairman

  
George P. Baker

  
John B. Connally

  
Frederick R. Kappel

  
Richard M. Paget

  
Walter N. Thayer

THE WHITE HOUSE

WASHINGTON

October 17, 1969

ADMINISTRATIVELY CONFIDENTIAL--  
WHEN WITH ATTACHMENTS

MEMORANDUM FOR

JOHN EHRLICHMAN  
BOB HALDEMAN  
PETER FLANIGAN\*

As agreed when you met with the Council yesterday,  
here are your copies of its report to the President.

\*We are conveying the original to the President  
through you. I hope this procedure is satisfactory and *that*  
it will get to him in time for his weekend reading.

151

Murray Comarow  
Executive Director  
President's Advisory Council  
on Executive Organization

bcc:

Mr. Ash #8  
Dr. Baker #9  
Gov. Connally #10  
Mr. Kappel #11  
Mr. Paget #12  
Mr. Thayer #13

ATTACHMENTS

<u>Appendix</u>	<u>Subject</u>	<u>Page</u>
A.	Memo/President, August 20, 1969 .....	27
B.	Estimated Personnel and Salary Costs....	29
C.	Domestic Policy Council (DPC) .....	33
D.	Office of Executive Management (OEM).....	37
E.	Division of Budget and Evaluation .....	39
F.	Division of Program Coordination .....	41
G.	Division of Legislative Clearance.....	43
H.	Division of Executive Personnel.....	45
I.	Division of Organization and Management Systems .....	47
J.	Legislative Alternatives .....	49



APPENDIX A

MEMORANDUM FOR THE PRESIDENT

SUBJECT: The Executive Office of the President

Dated August 20, 1969

See page number 1

Estimated Costs and Numbers of PeopleCurrent vs Proposed Organizations

	Estimated Current	Proposed <sup>1/</sup>	Differences
	(As of Aug. 1969)		
Estimated Total Cost	\$12.9 M	\$15.1 M	\$2.2 M
Estimated Total Personnel	550	740	190
Estimated Total Professional Personnel	350	460	110
Average Cost/Professional	\$36,800	\$32,700	

<sup>1/</sup> Does not include 29 professionals currently assigned to the Office of the Director, BoB -  
Estimated cost about \$1 million.

## APPENDIX C

### THE DOMESTIC POLICY COUNCIL

General Mission. The Domestic Policy Council will advise the President on total domestic policy and programs. It will be the President's primary staff mechanism with respect both to new domestic initiatives and to changes in existing programs. The Council will have the capability to deal with current policy questions and will provide rapid response to Presidential needs for domestic policy advice. It will bring together the President, his advisers, and appropriate Cabinet officers, so that they can focus collectively on current and long-range policy development.

#### Duties and Responsibilities

1. Research. The DPC will analyze, identify, and project trends to anticipate demands, opportunities, and problems for domestic policy formulation. It will provide the President with background for the articulation of national goals and for definition of concrete objectives for Federal action.
2. Policy Analysis. The DPC will analyze policy alternatives and make recommendations for Presidential action. In carrying out these responsibilities it will work closely with agencies to insure that their data and thinking are incorporated into the study of policy alternatives.
3. Program Development. The DPC will lead in the design and review of the President's annual domestic program from conception of policies through the messages and legislation which implement them.
4. Communications. In carrying out the above tasks, the DPC and its Executive Secretary will act as an important mechanism to communicate agency views to the President. Likewise, the President may use the DPC as a principal vehicle to announce his policies, to achieve an informal consensus, or in any manner he may choose.

#### Key Relationships

1. With Divisions of the Office of Executive Management
  - a. The Division of Legislative Clearance. The Domestic Policy Council staff will rely upon this OEM Division for much of the information needed for making legislative recommendations to the President. The DPC will inform this Division of the President's program plans, the policies underlying them, and of the policies on which existing programs are based.
  - b. The Division of Budget and Evaluation. So that DPC can link its policy with the fiscal and budgetary constraints developed by OEM, DPC will participate in the budget review process, as will this Division participate in DPC's process of policy analysis and development. The Division will supply the DPC with data on program performance, to insure that evaluative information is fed back into the policy-making process.

- c. The Division of Program Coordination. Close working relationships with this Division will enable the Council to make adjustments in policy to eliminate problems in the day-to-day operation of programs.
2. With the Agencies. The agencies will work with the DPC staff on proposals for new policies or programs. Great flexibility in organizing task units within the DPC will permit a wide range of organizational arrangements to bring about these working relationships. Council members, DPC staff, outside agencies, as well as state, local and non-government consultants may be invited to participate in specific tasks.
3. With Regulatory Agencies. DPC staff members will work with those regulatory agencies relevant to their substantive areas of assignment. A staff member assigned to transportation, for example, might work with the ICC, CAB, and Maritime Commission. In doing so, even any semblance of intervention in the judicial functions of these agencies will, of course, be avoided. The President, through the DPC and the legislative and budgetary divisions of the OEM, can, however, properly relate to the regulatory agencies' activities on budget and legislative matters.

#### Structure and Staffing of the Domestic Policy Council

1. Membership. The DPC will be chaired by the President (or, in his absence, the Vice President). Its formal membership will be the heads of the nine domestic Cabinet Departments (all Cabinet secretaries except the Post Office, State, and Defense), and the Director of OEO, so long as he retains Cabinet rank. At the President's discretion, meetings of the Council will also include other executives of the EOP, agency heads, and others whose specialized knowledge is relevant to the meeting agenda. This group will include, but not be limited to, all Presidential advisers, members of OEM, the Science Adviser, and the Chairman of the Council of Economic Advisers. DPC meetings will be called by the President. At the President's discretion, meetings may include all or part of the DPC plus additional participants, advisers or consultants as is appropriate to the topic under consideration.
2. Functions of Domestic Policy Council Meetings. DPC meetings will be for purposes designated by the President. For example, he may wish to have proposed policy or programs discussed at these meetings.
3. Committee of the Domestic Policy Council. Much of the Council's work will be accomplished by program committees, a generic term for various groups, established by the President through the Executive Secretary. These committees typically might be headed

by Cabinet officers and supported by a team of specialists drawn from the DPC staff. The committees can serve a spectrum of functions, from studying broad program areas like environmental quality or more specialized problems like prison reform.

4. Executive Director. The Executive Director of the DPC will be a Level II. He will be responsible for preparing the Council's agenda, and for presenting policy issues for discussion. He also will direct the staff and in this capacity have great flexibility in procedures used to carry out his assignment. He will draw upon OEM, the agencies, and extra-governmental sources. He will organize their efforts in any way that seems appropriate to produce the timely, complete, and fully representative product which the President requires. Finally, he will be responsible to the President for the form and content of policy memoranda.
5. Staff. The staff will be headed by the Executive Director, who will be assisted by three to six deputies with responsibility for specific program areas, such as urban affairs, natural resources, etc. The deputies will range in grade from Level II to GS-18, depending on the importance of their programs, and on the experience and background of the men selected for these assignments.

The DPC staff, numbering 40 professionals, will be organized and reorganized from time to time around key program areas. The Executive Director will assign a deputy director and a staff to each of these areas as the need arises. Some assignments, as for example to urban affairs, may be relatively permanent while others may be short-lived. Cabinet members may temporarily assign key staff personnel from their agencies to these committees.

The DPC will include a separate group of about 10 professionals to carry out research in long-range social and economic trends. It will provide factual and analytical background for the President, the agencies, and the rest of the DPC staff.

Another small group, perhaps five professionals, will staff out the budgetary aspects of policy proposals. It will work as a liaison with the CEA and with OEM's Budget and Evaluation Division to insure their involvement as appropriate in DPC's policy considerations. For example, this group would identify policy issues for agency and Budget Division study, cost out the President's legislative proposals and provide resource constraint guidelines for new policy developments.

## APPENDIX D

### THE OFFICE OF EXECUTIVE MANAGEMENT

General Mission. The Office of Executive Management will be a principal staff arm of the President as described in our memorandum of August 20. (See page 1.) It will carry out the important managerial functions described in our earlier memorandum.

Duties and Responsibilities. While the DPC answers the question, "What is to be done?" the OEM will focus on coordinating the means of doing it and evaluating the results. It will have the following responsibilities for the Executive Branch, each of which is elaborated in a later appendix:

1. budget and evaluation,
2. program coordination,
3. legislative clearance,
4. executive personnel, and
5. organization and management systems.

In carrying out these duties, OEM will at the same time work to improve the capability of agencies to carry out their own management functions.

#### Key Relationships.

1. The Executive Director and his Deputy will work closely with the President on matters relating to the management of Executive Branch programs and activities.
2. The Executive Director will work closely with the DPC to follow through on the implementation of domestic programs. Although relationships with the NSC are not amplified in this memorandum, we assume that it, like the DPC, will draw upon OEM's expertise.
3. The OEM will have a partly supportive, partly evaluative relation with the agencies: on the one hand, it will assist them in improving their management and expediting their programs; on the other, it will evaluate the performance of their programs and review their budget requests.

Structure and Staffing. We recommend that OEM be headed by a Level I Executive Director appointed by the President. His Deputy Executive Director should be a Level II.

A small staff of 5-10 people, all occupying "excepted" positions, will assist the Director in carrying out his responsibilities. The Director and his five Division heads must achieve a high degree of integration of the OEM offices in order to fulfill the coherent management function intended for this body.

Each Division of the Office will be headed by a Director; the Director of the Budget and Evaluation Division will also be a Deputy Director of OEM. These men will vary in rank depending on the level required to recruit appropriate executives, the importance of the function, and the complexity of the tasks involved. Within the limits of the allocation of Executive Level positions to OEM, the Executive Director may vary the number and ranks allotted to any Division. As a point of reference for the first need of the office, the Council suggests that 20 executive positions be allocated to OEM. The distribution of these positions is discussed in subsequent appendices and is shown in the table below.

PROPOSED APPOINTED PERSONNEL SCHEDULE FOR  
THE OFFICE OF EXECUTIVE MANAGEMENT

Divisions of:

Grade Level	Office - Director - OEM	Budget & Evaluation	Legislative Clearance	Organiz. & Mgmt. Systems	Program Coord.	Executive Personnel
I	1	0	0	0	0	0
II	1	1	0	0	0	0
III	0	0	1	1	1	1
IV	0	4	0	0	2	1
V	0	5	0	1	0	0
TOTAL	2	10	1	2	3	2

## APPENDIX E

### DIVISION OF BUDGET AND EVALUATION

General Mission. To prepare and review the annual budget, and to assess the performance of individual programs with reference to their intended purposes and goals.

#### Duties and Responsibilities

1. To develop criteria for evaluating program performance.
2. To evaluate program performance both on a continuing basis and on demand in respect to special problem areas.
3. To assemble and review the data necessary to prepare the budget in appropriate format. To prepare the annual budget and to assist in the preparation of the President's Budget Message.
4. To establish, with the help of CEA, Treasury Department, and other parts of the Executive Branch as appropriate, a set of budget constraints and guidelines to be observed in agency preparation of program budget submissions.
5. To relate evaluations of performance to budgetary decisions.

Comment. The major new concern of this division will be with individual program performance, not only through analysis of performance data, but also from study of actual achievements in the field. The Division will at first need some ingenuity to develop ad hoc methods of evaluation, though in time these evaluations should become systematic and consistent.

#### Key Relationships.

1. The Division will work with all the agencies of the Executive Branch. Effective program evaluation and budget review require feedback of data to agencies for comment and the establishment of close working relationships.
2. The Division will also work closely with the DPC. OEM members may participate from time to time in DPC meetings and committees. Similarly, as the need arises, the Executive Director and key staff members of the DPC staff will sit in on budget review sessions with the Director of this Division.
3. The Division will work with the Division of Organization and Management Systems to acquire data for budget-making and evaluation.



4. The Division will assist the Office of Legislative Clearance with the information and interpretations needed to carry out the legislative clearance function.
5. The Division will work with the Division of Program Coordination, drawing on its specific findings to pinpoint major program difficulties.

Structure and Staffing. The Level II head of the Division, who is also a Deputy Director of OEM, must be a man in whose judgment the President has confidence and whose objectivity and familiarity with Executive Branch programs are respected by agency heads. The Division's Director must understand the budgetary constraints and obstacles to performance encountered by agency executives. He should have skills which equip him to give special attention to the evaluative functions of his office. Innovation will be required since new programs frequently defy evaluation by traditional methods. He will have two Level IV deputies, one in charge of evaluation, the other in charge of fiscal policy. A career Level V Assistant Director will head an Office of Budget Review.

The six examining divisions of the present BoB will be the operating arms of the Division. Each of these examining divisions will be headed by a Level IV or V who will give special attention to introducing new evaluative techniques in the activities of the examiners. It should be emphasized that the heads of these program divisions must be executives who can develop the "culture" of their organizations to be both cost and result oriented.

The current directors of the six Examining Divisions are, with one exception, GS-18 career executives. The exception, Richard Nathan, who heads the Human Resources Program Division, is a statutory Level IV appointee. In addition, the Bureau of the Budget has two other Level IV appointees. One, Maurice Mann, has general responsibility for assisting the Director with fiscal, monetary and economic policy issues. The second, James Schlesinger, assists the Director with issues involving national security and international policy. In the proposed organization, a Level IV appointee would head up the National Security Program Division. The other four program divisions - International Programs, General Government Management, Natural Resources and Economics, Science and Technology - will be headed by Level V appointees, preferably from career ranks.

## APPENDIX F

### DIVISION OF PROGRAM COORDINATION

General Mission. To improve the delivery of domestic programs by helping to work out interagency and intergovernmental operating problems.

#### Duties and Responsibilities.

1. To assist agencies in identifying problem areas.
2. To help resolve program problems and expedite the delivery of Federal services at the operating level.

Comment. The Division is primarily concerned with effective program performance on a case-by-case basis. It contributes to effective decentralization of authority by enhancing problem-solving activities at the field level. While primarily charged with helping solve problems in implementing programs, the Division works closely with the DPC and the rest of the OEM in analyzing whether a sequence of field level problems reveals basic policy or structural weaknesses in a program.

#### Key Relationships.

1. This Division will be in daily contact with the agencies and their field operations. Much of its success depends upon the confidence which agencies have in its objectivity and fairness.
2. Where changes in program direction or authority are indicated or when administrative bottlenecks impede program delivery, the Division will work closely with the DPC and the agencies involved.
3. In programs involving local emergencies or state and local governments, the Division will work with the Office of the Vice President, the Office of Intergovernmental Relations and the OEP.

Structure and Staffing. The Level III head of this division should be experienced in managing complex organizations, whether in the government or elsewhere. He must develop within the Executive Branch close working relationships with key administrative officers. He will be assisted by two Level IV deputies. These additional appointees will provide broader capacity for action, and aid in dealing with men of equal rank in the agencies.

The staff, some 30 professionals, will be assigned to programs which require coordination among agencies. The job of the staff is constructive assistance to the agencies. Staff members should rely primarily on persuasion and minimize recourse to higher authority.

The Operational Coordination and Management Systems staff of the Bureau of the Budget, (about 15 career professionals), will be the nucleus of this division. The present staff is headed by Kenneth Kugel, a GS-18 career executive, who reports to Dwight Ink, Assistant Director of the Bureau of the Budget.

## APPENDIX G

### DIVISION OF LEGISLATIVE CLEARANCE

General Mission. To coordinate and clear for conformity with the President's program, recommendations of the agencies with respect to all legislation; to make recommendations on legislation and participate in developing legislation implementing the President's program.

#### Duties and Responsibilities.

1. To gather and coordinate comments relating to legislation preparatory to drafting recommendations for the President's consideration.
2. To make recommendations on proposed, pending, and enrolled legislation, both general and private, and set forth their implications.
3. To disseminate to agencies information on the President's legislative program.
4. To schedule and regulate the flow of legislative clearance memoranda through the DPC to the President's Office.
5. To review agencies' proposed congressional testimony.

Comment. The emphasis in legislative clearance is on the orderly and timely collection and collation of comment on all legislation. The function can be compared to a valve which takes an unpredictable stream and regulates its flow. By valving the responses to legislation in accordance with the President's wishes, the Division will permit timely and deliberate Presidential consideration of legislation.

The legislative clearing process requires detailed scheduling of responses to legislation. The Division, therefore, has an important administrative task in identifying the appropriate parties, scheduling their responses, and preparing memoranda for the President.

#### Key Relationships.

1. This Division will work especially closely with the DPC on the President's domestic legislative programs and on proposed and enrolled legislation.
2. Legislative Clearance will have a small staff and will have to rely on the program knowledge and the "institutional memory" of the Budget and Program Evaluation Division. Much of the input for the memoranda written by Legislative Clearance will be provided by these staffs.
3. Legislative Clearance will require inputs from the Organization and Management Systems Division on the organizational implications of legislation.

Structure and Staffing. BoB's current Office of Legislative Clearance has about 15 professionals. This number probably should be increased by about 5-10, to give it greater ability to deal with the increasing complexity of legislation and to serve more effectively when congressional activity is heavy and when the President's legislative program is being developed.

The staff should be familiar with the legislative process, and should have good analytic and writing skills.

In the proposed organization, a Level III appointee will head this Division. The staff will in general be high ranking and experienced civil servants.

The present Office of Legislative Reference of the BoB will become the Division of Legislative Clearance of the OEM.

Currently, Wilfred Rommel, a GS-18 career executive, heads the Office of Legislative Clearance of the Bureau of the Budget.

## APPENDIX H

### DIVISION OF EXECUTIVE PERSONNEL

General Mission. To develop executive personnel programs within the Executive Branch.

#### Duties and Responsibilities.

1. The Division of Executive Personnel will take the lead in developing and evaluating programs to recruit, train, select, motivate, deploy, and evaluate career executives. The emphasis will not be on individual jobs but on programs. These programs will assure that talented executives are identified, fully utilized, and exposed to opportunities across the Executive Branch.

#### Key Relationships.

1. This Division will work intimately with the Civil Service Commission and the agencies, assisting in the development of their respective personnel programs.
2. It will work closely with the Division of Organization and Management Systems to develop systems necessary for appropriate manpower planning.

Structure and Staffing. The Level III of this office will be a man with stature, thorough knowledge of the Federal system, and the personal qualities necessary to elicit the confidence of Cabinet members. He will have a Level IV Deputy.

The staff of this Division will have 20 professionals.

## APPENDIX I

### DIVISION OF ORGANIZATION AND MANAGEMENT SYSTEMS

General Mission. To develop organizational structures, management processes, and information systems and adapt them to changing needs.

#### Duties and Responsibilities.

1. To evaluate the effectiveness of organizational structures in the Executive Branch and to recommend new or revised structure or changes in assignments of missions and responsibilities for improvement of performance.
2. To develop, install, and evaluate new management processes and information systems and to improve the existing ones.

Comment. This Division will provide an institutional base for continuing the type of work performed by the President's Advisory Council on Executive Organization.

#### Key Relationships.

1. This Division will work with all Divisions of the OEM in devising systems to improve management processes and to fulfill executive information needs.
2. It will assist agencies to improve their administration by advising them on managerial techniques and systems.

Structure and Staffing. The Level III head of this Division will be an experienced manager, familiar with the problems of implementing changes in large organizations. A Level V assistant will be well versed in the design and operation of large data systems.

That part of the staff which will specialize in the development of information systems should be reduced in size after the most urgently needed systems are installed. This Division may engage outside consultants for significant portions of its work.

The nucleus of this new Division will be the present Office of Executive Management of the Bureau of the Budget minus its 15-man Operational Coordination staff. The present head is Dwight Ink, Assistant Director of the Bureau of the Budget. The Division will also absorb the BOB Management Information System staff, headed by Walter Haase, a GS-17 career executive, and the Office of Statistical Policy whose acting head is Julius Shiskin, GS-17, also a career executive.

## APPENDIX J

### PRELIMINARY NOTE ON LEGISLATIVE ALTERNATIVES

There are three means available to the President to implement the proposed reorganization. The best combination will be determined after we are free to hold fuller discussions with experts in this exceedingly technical field.

1. Executive Order. The DPC may be established by Executive Order. Using this means, the President may merge the White House staffs currently involved in program and policy development and augment the staff through personnel detailed from the agencies. This makeshift staffing arrangement is useful only for the short run, pending straightforward appropriation for this purpose.

An Executive Order cannot be used to establish the OEM, since some of its functions are assigned by statute to the BoB.

2. Reorganization Plan. A reorganization plan, to be enacted, must be transmitted to Congress at least "sixty calendar days of continuous session" prior to adjournment. If Congress does not act within the sixty-day period permitted for disapproval, the President may execute the plan in reasonable anticipation of favorable action on the appropriation request which would be transmitted concurrently with the reorganization plan. Submitted as a reorganization plan, the President's proposal has the advantage of not being subject to congressional amendment and can go into effect by May 1970.
3. Specific Legislation. The President may seek specific legislation to establish the OEM and DPC. This process is more time-consuming than reorganization plan action and carries with it the risk of extensive modification through the amendment process.

Recommended Approach. This memorandum to the President expresses a preference for Executive Orders and reorganization plan. These will allow the OEM and the DPC to be established by May 1970. The Council tentatively suggests that the President, in his Budget Message, announce:

1. That by Executive Order he is creating the DPC, appointing its Executive Director, and providing staff from existing sources.
2. That he will submit to Congress legislation to make this office statutory.
3. That he will introduce a reorganization plan to establish the OEM, and is requesting funds for its operation.

Subsequently, enactment of general reorganization authority by the Congress would establish the right of this or any President to reorganize his own office to meet his needs. We would reiterate our August 20 recommendation that preparations be made to seek such authority, so that the President may take action when the circumstances are favorable.



SUMMARY OF ESTIMATED PERSONNEL AND SALARY COSTS

ORGANIZATIONAL UNIT	LEVEL I OR II		LEVEL III		LEVEL IV		LEVEL V		OTHER PROFESSIONALS	
	NR.	COST	NR.	COST	NR.	COST	NR.	COST	NR.	COST
Domestic Policy Council <u>2/</u>	3	127,500	0	0	1	38,000	2	72,000	40	840,000
Office of the Director - OEM	(1) 1	60,000	1	40,000	0	0	0	0	5	150,000
Division of Budget & Evaluation	1	42,500	0	0	4	152,000	5	180,000	240	4,200,000
Division of Program Coordination	0	0	1	40,000	2	76,000	0	0	30	690,000
Division of Legislative Clearance	0	0	1	40,000	0	0	0	0	20	500,000
Division of Organization & Management Systems	0	0	1	40,000	0	0	1	36,000	80	1,680,000
Division of Executive Personnel	0	0	1	40,000	1	38,000	0	0	20	400,000
<b>SUB TOTALS</b>	<b>5</b>	<b>230,000</b>	<b>5</b>	<b>200,000</b>	<b>8</b>	<b>304,000</b>	<b>8</b>	<b>288,000</b>	<b>435<sup>3/4</sup></b>	<b>8,460,000</b>

GRAND TOTAL  
 Total Professionals 46. <sup>3/4</sup>  
 Total People 74)  
 Total Costs 15,120,000)

1/ The cost of support staff is estimated at 60% of the professional cost.  
2/ The number of appointed executives is illustrative.  
3/ Does not include 29 professionals now assigned to the Office of the Director, Bob. These make up the Director's immediate staff and the administrative staff of the B  
4/ Rounded to nearest \$10,000.

TABLE 1

SUMMARY OF ESTIMATED PERSONNEL AND SALARY COSTS

LEVEL I OR II NR.	COST	LEVEL III NR.	COST	LEVEL IV NR.	COST	LEVEL V NR.	COST	OTHER PROFESSIONALS NR.	COST	60% <sup>1/</sup> SALARY	ESTIMATED COST
3	127,500	0	0	1	38,000	2	72,000	40	840,000	640,000	1,720,000
(I) 1	60,000	1	40,000	0	0	0	0	5	150,000	150,000	400,000
1	42,500	0	0	4	152,000	5	180,000	240	4,200,000	2,730,000	7,300,000
0	0	1	40,000	2	76,000	0	0	30	690,000	470,000	1,280,000
0	0	1	40,000	0	0	0	0	20	500,000	320,000	860,000
0	0	1	40,000	0	0	1	36,000	80	1,680,000	1,050,000	2,800,000
0	0	1	40,000	1	38,000	0	0	20	400,000	280,000	760,000
5	230,000	5	200,000	8	304,000	8	288,000	435 <sup>3/</sup>	8,460,000	5,640,000	15,120,000

Total Professionals 46.3/  
 Total People 741  
 Total Costs 15,120,000

- 1/ The cost of support staff is estimated at 60% of the professional cost.
- 2/ The number of appointed executives is illustrative.
- 3/ Does not include 29 professionals now assigned to the Office of the Director, Bob. These make up the Director's immediate staff and the administrative staff of the Bureau.
- 4/ Rounded to nearest \$10,000.