



# **THE ORGANIZATION AND MANAGEMENT OF EXECUTIVE DEPARTMENTS**

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## TABLE OF CONTENTS

FOREWORD .....	v
AUTHOR'S INTRODUCTION .....	vii
EXECUTIVE SUMMARY .....	ix
EVOLUTION OF THE EXECUTIVE DEPARTMENTS .....	1
MAJOR ASPECTS OF DEPARTMENTAL ORGANIZATION AND MANAGEMENT .....	5
Criteria for Establishing Executive Departments .....	5
The Major Purpose Concept .....	7
Structuring Major Purpose Departments .....	8
The Role of the Office of Secretary.....	12
Responsibility for Internal Administration.....	13
Field Organization and Management .....	15
Management Systems .....	17
The Role of Career Staff.....	19
The Departments and the White House .....	20
LOOKING TO THE FUTURE.....	21
APPENDIX .....	23

## FOREWORD

The National Academy of Public Administration (Academy) has five standing panels that meet regularly. These panels, including the Panel on Executive Organization and Management, have actively supported the Academy's initiatives for the 2000-01 presidential transition.

This research paper, prepared by Fellow Alan Dean, describes the evolution of the federal government's executive departments; the role they play in developing and implementing government programs; important aspects of departmental organization and management; and issues currently affecting the departments. One such issue is the possible establishment of a high level commission to evaluate the federal government's departmental structure, taking into account the experience and input of previous entities such as the Brownlow Committee, the Hoover Commissions, the Ash Council, and the Kappel Commission.

An authority on governmental organization and management, Alan Dean's career has included senior positions in the Bureau of the Budget, the Office of Management and Budget, the Federal Aviation Agency, the Department of Health, Education and Welfare, and the Department of Transportation. More recently, he has participated in Academy studies involving the Departments of Commerce, Energy, Housing and Urban Development, Labor, and Transportation.

Earlier versions of this paper were published in 1974 and 1983. They were circulated among senior government officials, public administration scholars, and others. This update takes into account developments of the past 17 years. It should be of interest to the senior management of the Cabinet departments, the Office of Management and Budget, cognizant congressional committees and staff, private sector interest groups, and students of governmental organization and management.

Robert J. O'Neill, Jr.  
President



## **AUTHOR'S INTRODUCTION**

This paper is based partly on the author's personal experience in organizing and managing executive departments and large independent agencies, and partly on the work and conclusions of various study groups, beginning in 1948 with the first Hoover Commission and continuing through 1988 with the Academy's assessment of the need for a Department of Veterans Affairs.

Many aspects of departmental management described or suggested in this paper have been, and remain, subject to controversy. These include the need for and effectiveness of major purpose departments, decentralized field organizations, unified centers of leadership for administrative management, the current value of inspectors general, and the need for and role of strengthened management analysis staff. It is often difficult to prove which management approach would work best in a particular department, but, in the author's view, practical experience and the recommendations of well-led and well-staffed groups should be given considerable weight in reforming existing departments and designing new ones.

Many helpful suggestions provided by the staff of the Academy and members of the Standing Panel on Executive Organization and Management have been incorporated in this paper and have positively influenced its content. The author is indebted to these contributors for their support and encouragement.



## EXECUTIVE SUMMARY

From the adoption of the Constitution in 1787, executive departments have been the primary vehicle through which the Government of the United States has administered its programs. Over the years, their number has increased from three to fourteen, and they have come to vary widely in structure, size, scope, culture, and quality of internal management. This paper takes into account various government-sponsored studies that have proposed important reforms designed to enhance the capacity of the departments to discharge their statutory responsibilities. It also examines how well various departments have met expectations and maximized opportunities for improvement.

### Establishing and Structuring Executive Departments

Normally, departmental status and membership in the president's Cabinet are called for when the size and number of related programs directed to a major government purpose require a secretary to bring about needed coordination. Relevant studies and most experience support the use of major program purpose as the best way to assemble components of a department that relate to a common mission. Agencies not now included in executive departments—such as the Consumer Product Safety Commission and the Small Business Administration—produce an undesirable increase in the president's span of control. A number of these entities could and should be placed in the appropriate departments.

Laws creating executive departments should authorize the secretary to change the assignments of assistant secretaries, and to determine how component bureaus or administrations function. Legislation dealing with agency management, such as the statutes providing for inspectors general, chief financial officers, and chief information officers, should avoid excessive detail in assigning functions and prescribing internal departmental structure.

Experience suggests that a department with a small number of operating administrations reporting directly to the secretary, rather than numerous bureaus supervised by assistant secretaries, is a preferred basic structure. The use of administrations permits a secretary to build better ties with program officials, and tends to generate clearer accountability and greater responsiveness by line managers.

### Managing Executive Departments

To improve accountability and program oversight, secretaries must be the real—not nominal—managers of their departments. At the same time, a secretary's office always has more to do coping with matters requiring central performance than it can easily handle. Thus, under most circumstances, secretaries will facilitate the execution of departmental programs by delegating as much authority as feasible to program administrators, which can improve the secretary's effectiveness and enhance the administrators' role. Such delegations cannot extend to powers assigned by law to the secretary or which need to be handled centrally due to agency-wide impact.

All departmental statutes provide for a deputy to assist the secretary in running the department. This official may become the major force within the department in carrying out the secretary's decisions, and helping assure that the agency runs smoothly.

Quite often, however, things do not work out as expected. This is because the deputy secretary may not be a competent manager, or has other interests such as serving as a policy advocate. The Hoover Commission attempted to strengthen departmental administrative management leadership by proposing the creation of an assistant secretary for administration in each department. This official was to be selected from the career civil service and was expected to direct crosscutting administrative activities related to budget, finance, human resource, procurement, management analysis, and support services. From 1950 to 1969, ASAs were important contributors to the professional performance of the responsibilities entrusted to them. Afterward, however, the Nixon administration undertook a successful effort to replace these career officials with similarly titled political appointees. Several Academy panels have subsequently recommended the creation of an undersecretary for internal management who could oversee all the now scattered aspects of internal management.

Since most public services are provided by field staff, how they are organized and overseen is a major factor in the operation of a department. The demands of programs and the needs of the public being served rule out any single template applicable to all departments. Yet an important factor in determining a specific field structure is the number and complexity of program interfaces in the field. Departments like Treasury and Commerce administer important services that have little or no need for coordination with other field activities and, therefore, have no need for agency-wide regional directors. Others, such as Housing and Urban Development, require extensive field coordination and have at times relied on strong regional directors. Historically, many agencies used departmental regional directors with strong authority to coordinate field activities. Some have tried using secretary's representatives who had little or no authority over other field officials. Their influence came chiefly from their personal skills and direct reporting relationship to their secretaries. Both regional directors and secretary's representatives have disappeared from most departments, which now rely on the regional directors of their administrations or bureaus to oversee their respective field operations.

Regardless of structural features, most evidence supports a high degree of departmental decentralization. This can be done through the program administrators who in turn delegate much of their authority to their field officials. Decentralization can only be effective when field staffs are well informed and the department has reporting, evaluation, and audit capacities to assure that the delegated powers are appropriately exercised.

One of the most important and complex aspects of departmental management is the design, installation, and refining of the systems needed to perform agency-wide operations on which a secretary must depend. Systems design and implementation usually require the sustained effort of knowledgeable people who receive strong and consistent support from the departmental leadership. Attempts to bring about complex systems reforms may require years to complete, during which time changes in departmental leadership and priorities may occur. These obstacles can best be surmounted by the creation of a permanent management analysis staff

whose role has been institutionalized. External consultants can often be called on, but they are most useful when they can work with a stable group of departmental experts.

Overall, no department can function well unless it relies heavily on an experienced cadre of career civil servants. Retaining and getting the most out of career officials depend, however, on a high degree of trust between frequently changing political appointees and the career staff. The tendency over the past thirty years has been to increase the number of non-career staff. This trend has had adverse impacts on agency stability and even relationships with some congressional committees.

### Looking to the Future

It is unlikely that many aspects of departmental organization and management that now need attention can be addressed on a piecemeal basis. For this reason, the paper supports the enactment of legislation creating a new, independent, and bi-partisan commission along the lines of the highly successful first Hoover Commission. Such a group, when supported by both the president and Congress, could propose current approaches to resolving such questions as how many departments are needed, on what basis should programs be assigned departments, what structural features should be preferred, and how the improvement of management systems should be approached.

## **THE ORGANIZATION AND MANAGEMENT OF EXECUTIVE DEPARTMENTS**

The Constitution contemplated that executive departments would be created to carry out the new government's functions, but it wisely left to Congress and the president the tasks of determining what departments would be created, what their responsibilities would be, and how they would be organized and managed.<sup>1</sup> The First Congress promptly established departments needed to discharge the new government's central functions and, by the end of 1789, the Departments of State, Treasury and War were in operation. Since then, Congress and presidents have relied on the executive departments as the primary mechanism to administer federal programs. By 1988, the original three had expanded to fourteen, reflecting increases in the magnitude and diversity of the activities of the federal government.<sup>2</sup>

### **EVOLUTION OF THE EXECUTIVE DEPARTMENTS**

About 88 percent of all federal civilian employees<sup>3</sup> and virtually all military personnel are on the rolls of the executive departments. They spent more than 90 percent of federal funds in Fiscal Year 2000.

In citing the dominant place of the executive departments in federal program administration, one should note the existence of major independent agencies.<sup>4</sup> A few of these entities, such as the U.S. Postal Service, the Tennessee Valley Authority, the National Aeronautics and Space Administration (NASA), the Environmental Protection Agency and the Social Security Administration, have come to play important roles within the executive branch, although they have relatively narrow missions.

From President Washington to this day, department heads have been included in the

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<sup>1</sup> The Constitution's Article II authorizes the president to "...require the Opinion, in writing, of the principal officer in each of the executive departments." Congress is also authorized to vest by law the appointment of "inferior officers" in the heads of departments.

<sup>2</sup> Legislation establishing a Department of Veterans Affairs was approved in 1988 and took effect March 15, 1989. No action was taken on President Reagan's recommendation that the Departments of Energy and Education be abolished or converted to non-departmental status. Nor did the 99<sup>th</sup> Congress follow through on its plans to eliminate at least two departments. Currently, the executive departments are State, Treasury, Defense, Interior, Agriculture, Justice, Commerce, Labor, Health and Human Services, Housing and Urban Development, Transportation, Education, Energy, and Veterans Affairs.

<sup>3</sup> This figure excludes the nearly 861,000 employees of the U.S. Postal Service, a self-supporting government enterprise. Source: *Budget of the United States Government for Fiscal Year 2001*, U.S. Government Printing Office. Table S-13, p. 418.

<sup>4</sup> "Independent agency" is used here to mean any entity of the executive branch created outside the departments and, in theory, accorded a direct reporting relationship to the president. It also includes independent regulatory agencies such as the Securities and Exchange Commission, the National Labor Relations Board, and the Consumer Product Safety Commission, which are headed by Senate-confirmed presidential appointees serving fixed terms, and which perform quasi-legislative and quasi-judicial functions.

Cabinet<sup>5</sup> by virtue of their positions. Although the Cabinet has not evolved into the powerful instrument that similar councils have become in some parliamentary systems, membership carries prestige and reasonable assurance of access to the president and his principal advisers. Presidents have sometimes conferred Cabinet status upon specific agencies that are not executive departments for political, programmatic, or prestige purposes, and these delegations are seldom withdrawn.<sup>6</sup>

As they now exist, the departments vary widely in size, importance, and traditions of management. Having been created at different times and having developed different administrative cultures, numerous issues exist with respect to their roles, relationships, and effectiveness. Improving departmental management should rank as one of the most important challenges facing the president and Congress. If it is neglected or given a low priority because it lacks political appeal, program effectiveness will suffer and the nation will be the loser.

The roles, organization, and management of executive departments have received only cursory attention in public administration literature. There has been little recent authoritative or generic treatment of departmental management, and those who would seek guidance in administering these entities must draw upon past studies that may be somewhat out of date or treat only portions of the subject matter.<sup>7</sup>

In 1948, the first Hoover Commission<sup>8</sup> identified a number of serious deficiencies in the way that departments were organized and functioned, and made important recommendations to correct them. Many of these were directed toward vesting authority directly in the secretaries for the departments' programs in order to convert them into real, rather than nominal, managers of their departments. The commission also recommended a Department of Welfare to run Social Security, welfare, and Indian affairs; an Office of General Services for procurement, supplies, and public building functions; and consolidating housing activities into one agency. There were 273 recommendations in all, of which 196 were fully or partially adopted.

The establishment of the Department of Housing and Urban Development (HUD) in 1965 introduced several important management concepts, some of which were particularly applicable to smaller departments with relatively unified missions. Special efforts were made to balance the parochial tendencies of headquarters bureaus with extensive delegation of program operational authority to regional offices headed by experienced career staff. Although assistant secretaries were empowered to issue directives on behalf of the secretary to the regional administrators, field officials were empowered to respond to community needs within the policies established by the department. This arrangement enabled HUD to administer related programs in an integrated manner, an approach that pleased community leaders. The early

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<sup>5</sup> The Cabinet in the United States has no constitutional or statutory basis. Its functions are based on custom and the management style of individual presidents.

<sup>6</sup> For example, the attorney general was included in the Cabinet beginning with President Washington's Administration but the Department of Justice was not established until 1870. Also, President Bush found in 2001 that withdrawing Cabinet status for the U.S. trade representative proved too controversial to accomplish.

<sup>7</sup> There exist a number of papers and histories that discuss or describe individual departments.

<sup>8</sup> Commission on Organization of the Executive Branch of the Government, which conducted its studies from 1947 to 1949 and issued a number of important reports. A second Hoover Commission undertook similar work from 1953 to 1955, but it had less impact than its predecessor.

positive reputation HUD generated by its initial field structure was later reflected in the Department of Community Development proposed by President Nixon, a concept that developed support in Congress. With the passage of time, however, changes in HUD's early management concept contributed to scandals and loss of confidence in the department. After the first four years, the career regional directors were replaced by political appointees, and lines of authority became so blurred that regional offices eventually became another time consuming bureaucratic layer, rather than a mechanism for saving time and expense for state and local clients.

In 1966, a Bureau of the Budget-led task force drafted legislation to create a Department of Transportation (DOT).<sup>9</sup> Because there was no nucleus agency on which to base the department, as had been the case when HUD and the Department of Health, Education, and Welfare (HEW) were established, there was an opportunity to propose the best possible ways of consolidating the transportation functions that were located in various government units.<sup>10</sup> The draft DOT legislation thus reflected the best available thinking on how a department should be organized and managed. The legislation proved relatively non-controversial and Congress incorporated the task force's main recommendations in the Department of Transportation Act of 1966. The DOT concepts, which are treated later in this paper, influenced the content of later proposals related to the reform of executive departments and their internal management concepts.

A more comprehensive effort to improve departmental organization and management grew out of President Nixon's proposal in 1971 to replace seven of the existing executive departments with four larger and more functionally designed entities, each based on a major governmental purpose. Largely reflecting the 1970 recommendations of the Ash Council,<sup>11</sup> the President's Departmental Reorganization Program became a major Nixon initiative. An Office of Management and Budget (OMB) team and several task forces were established to draft legislation to create the Departments of Community Development, Natural Resources, Human Resources, and Economic Affairs. Special attention was given to incorporating and articulating sophisticated concepts of structure and management in the four bills.<sup>12</sup> These concepts and the documents associated with this effort should be of interest to anyone concerned with departmental management.<sup>13</sup>

As the 1972 election approached, the White House abandoned its close cooperation with Congress on organization proposals, a development that brought the departmental reform effort

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<sup>9</sup> The current DOT includes elements and programs previously placed in the Department of Commerce, HUD, the former Civil Aeronautics Board, the former Interstate Commerce Commission, the then-independent Federal Aviation Administration, the Treasury Department, and NASA.

<sup>10</sup> HEW was established by reorganization plan in 1953 through the conversion of the Federal Security Agency into a department. HUD was a departmental version of its predecessor, the Housing and Home Finance Agency.

<sup>11</sup> President's Advisory Council on Executive Organization (1969-1971), chaired by Roy L. Ash. Members were George P. Baker, John B. Connally, Frederick R. Kappel, Richard M. Paget, and Walter N. Thayer. Murray Comarow was Executive Director, July 1969-July 1970. Andrew M. Rouse was Deputy Executive Director during that period, and Executive Director, July 1970-November 1970.

<sup>12</sup> These features were included in the recommendations of the first Hoover Commission and the Ash Council. They also reflected the experience of existing departments, such as DOT and HUD.

<sup>13</sup> The drafts of legislation and the analytic reports that described in detail how the departments would be organized and administered were published by OMB in a volume titled "Papers Relating to the President's Departmental Reorganization Program," issued as a revised edition in February 1972.

to a halt. After the election, President Nixon and White House staff, contrary to the recommendations of both the Ash Council and OMB management staff, tried to avoid legislation by issuing an executive order that centralized control in the White House. This change involved designating certain Cabinet secretaries to act as counselors and assistants to the president to coordinate the departments without legislation. This approach lasted for only a few months.

Little of significance affecting departmental management occurred from 1972 to 1988. The messages and hearings on establishment of the Department of Energy in 1977 and the Department of Education in 1979 reveal little evidence of research into the experiences of the existing departments or accepted approaches to sound departmental structure.<sup>14</sup> The Reagan administration's proposals aimed at abolishing these departments also seem to have been developed without a full understanding of the role of an executive department specifically, or of executive branch organization generally.

President Reagan's 1988 decision to convert the Veterans Administration into a Department of Veterans Affairs renewed interest in the criteria for the creation of federal executive departments and their structural design. Prior studies and presidents had opposed—or declined to endorse—departmental status for the Veterans Administration. Thus, President Reagan's unexpected stand produced much discussion.

The Senate Committee on Governmental Affairs asked the Academy for its views and to suggest ways that departmental status could best be achieved, if a decision were made to proceed with such status. The resulting panel report listed fourteen criteria on which departmental status could be evaluated (see appendix). Applying these standards, the panel found “little evidence” that providing for veterans' needs would be “materially improved” by converting the Veterans Administration into a Cabinet department. Congress proceeded to create the department, but the Academy's report led to a number of improvements in the statute's structural and management provisions.

This episode essentially replicated the creation of the Department of Labor in 1913 and the Department of Education in 1979, when the demands of organized groups outweighed considerations of executive branch organization. A result has been to fragment executive branch machinery, weaken the “major purpose” approach to government organization, create departments with narrow missions,<sup>15</sup> give excessive influence to some clientele groups, and diminish the importance of Cabinet status.

## **MAJOR ASPECTS OF DEPARTMENTAL ORGANIZATION AND MANAGEMENT**

For a department to have effective management and successfully pursue its goals and purposes, a number of prerequisites must be satisfied. A department must bring together

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<sup>14</sup> For example, the Energy Department was structured to place policy and operating control in a group of program assistant secretaries. This produced an over-centralized management that handicapped the functioning of such elements as the Naval Petroleum and Oil Shale Reserves, the Bonneville Power Administration, and the disposal of nuclear waste.

<sup>15</sup> E.g., the Department of Veterans Affairs

important programs with the same major broad purpose and have the authority to advance its mission. The applicable statutes should avoid excessive prescription of structural and procedural detail.

### **Criteria for Establishing Executive Departments**

An executive department is usually called for when programs related to some definable government purpose become so numerous, so large, and so complex that an official of secretarial rank with enhanced access to the president is needed to provide effective oversight and coordination of program management. At the outset of our government, the Congress established departments to deal with the central functions prescribed by the Constitution, namely foreign affairs (State), revenue collection and financial management (Treasury), and defense (War). Aside from the splitting off of the Navy Department in 1798, no new executive department was established until 1849, when the Department of the Interior was set up to reduce the clutter in the Treasury Department and to assume the responsibility for emerging programs involving public domain, Indians, and minerals. For much of our history, Congress has been cautious in creating new departments. Most have been fully justified, or even overdue, at the time of their establishment.

When political forces lead to the creation of departments that otherwise lack persuasive justification, they may complicate, rather than facilitate, the administration of federal programs. A notable example was the Department of Labor in 1913, which split the then ten-year-old Department of Commerce and Labor. Undertaken in response to organized labor's insistence on a "voice in the Cabinet," the result was a small "clientele" department that raised troublesome questions as to whether the Secretary of Labor's role was to administer the department in the public interest or serve as the advocate for an organized segment of American society. Over the years, the Labor Department's mission has entailed ongoing relationship problems with other departments, especially Commerce, Education, and the former HEW, now Health and Human Services (HHS).

Similarly, the benefits of separating the Department of Education from HEW were not initially discernible. President Carter kept his campaign promises to the teachers' unions, but this action entailed the added costs of establishing another secretarial office and its panoply of associated officials.<sup>16</sup> It also constituted a further retreat from the major purpose goal of organizing a department for human resources programs around HEW.<sup>17</sup> Since both the Bush administration and most congressional Democrats now emphasize improving elementary and secondary education, the case for Cabinet representation for Education has become stronger. Even with expanded programs, however, it would still remain to some degree a narrowly-based, client-oriented department.

Changing conditions may suggest the need to abolish or redesign an existing executive department. Replacement of the War Department with the Department of Defense, for example,

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<sup>16</sup> The Department of Education now contains approximately 4,700 employees. The next in size is HUD with a staff of about 9,000. The Nixon Departmental Reorganization Program called for the abolition of the Labor Department. Most of its functions were to be moved to the proposed Department of Economic Affairs.

<sup>17</sup> "Papers Relating to the President's Departmental Management Program," *op cit*.

was a restructuring that eliminated the Navy Department as a separate Cabinet agency.<sup>18</sup> The wartime evidence supporting unification of the defense-oriented agencies and the rise of the Air Force as a major service made a strong case for these changes, despite the opposition of the Army and Navy. In 1971, the Post Office Department was replaced by today's U.S. Postal Service to provide better for its business-type functions and to reduce congressional micro-management.

Many students of government organization believe that most of what President Nixon tried to do in 1971-1972 made organizational sense. The proposed structural reforms should be studied by anyone who is considering how to improve government management and effectiveness. President Nixon made a strong case for curtailing the number of departments, reducing the president's span of control, and concentrating related programs under a single secretary. "Major purpose" was to be the principal criterion for grouping governmental functions. Each secretary was to have responsibilities broad enough to enable him or her to bring about meaningful direction and coordination of related programs.

The case for combining the programs that relate to a single major purpose within one department is well illustrated by the Department of the Interior. For many years after its creation, the department was noted chiefly for its scandals, its eagerness to give away public lands, and its neglect and abuse of Native Americans.<sup>19</sup> The accession of Harold Ickes as secretary in 1933, coupled with a rising interest in natural resources conservation, improved the department's management integrity and spurred an effort to redesign it into a true Department of Natural Resources. Virtually every president from Franklin D. Roosevelt to Carter endorsed this objective. Unfortunately, the largest programs involving national water resources are administered by the Army Corps of Engineers, and major flood prevention and forest management programs are lodged in the Department of Agriculture.<sup>20</sup> The National Oceanic and Atmospheric Administration remains a unit of the Department of Commerce, although it was originally intended to be a component of the Department of Natural Resources. Opposition from the directly affected congressional committees and from groups fearing the loss of valued relationships impeded the creation of the proposed department. Consequently, the Secretary of Interior has been handicapped in providing leadership in many water resource matters, and inter-departmental problems often go to the president that should be handled at the departmental level. The same situation exists with respect to land management; Interior has the Bureau of Land Management and the National Park Service while the Department of Agriculture has the Forest Service.

DOT, on the other hand, demonstrates the benefits of grouping virtually all transportation programs in a single major purpose department. Since the department's activation in April 1967, important progress has been made in bringing more balance in federal assistance to the various transportation modes, enhancing safety as a crosscutting responsibility in the department and

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<sup>18</sup> This reorganization was launched by the National Security Act of 1947 and completed by amendments enacted in 1949.

<sup>19</sup> One of the best known scandals is Teapot Dome, which took place during the 1920s, and the administrative failures of Indian programs continue to this day.

<sup>20</sup> The civil works projects of the Army Corps of Engineers have little to do with the national defense. The current location was determined by the fact that originally virtually all of the government's engineers came from West Point.

encouraging each element of the department to take a broader view of the public interest.<sup>21</sup>

### **The Major Purpose Concept**

The case for “major purpose” serving as the preferred basis for establishing an executive department and determining the scope of its mission is far broader than the examples already cited in this paper. The alternative approaches, when tried, have not succeeded at either the departmental or major agency level. Examples are provided by the Federal Loan Agency (FLA) and the Federal Works Agency (FWA), both created by reorganization plans in 1939. These were abortive efforts to organize by process or skills. FWA, for example, included the federal government’s highway functions and responsibility for public buildings. This experiment was judged to be a failure shortly after its inception and FWA was abolished in 1949. Today, these programs are placed where they clearly should be: in DOT and the General Services Administration. FLA did not endure as long; in 1942, its lending functions were moved to more suitable settings and the agency was disbanded.

The “major purpose” concept has been advanced in the proposals of virtually every major group that has broadly studied executive branch organization. These include the first Hoover Commission, the Ash Council, and Nixon’s Departmental Reorganization Program. The concept also guided the DOT task force in 1966. Departmental organization based on major purpose has been, and still is, a concept endorsed by legislation. The Reorganization Act of 1949 made this objective a principal intent when it stated that presidents should “determine what changes in such organization are necessary” to carry out such purposes as to “group, coordinate, and consolidate agencies and functions, as nearly as they may be, according to major purposes.”<sup>22</sup> When practical experience, major study commissions, presidents, and Congress all agree on a single organizational concept, prudence would suggest that it be given great weight in future departmental reform initiatives.

Efforts to realign the departments are occasionally denigrated as “box shuffling” or seen as too costly. It is sometimes argued that the appointment of able officials and the fostering of interdepartmental coordination can render unnecessary more fundamental reforms. This argument has merit in that talented and committed executives can sometimes make a poor organization work better than it would under less able leadership. An example is the progress made at the Federal Emergency Management Agency under the leadership of James Lee Witt. However, deficient scope of authority or defective structure makes it harder for even the most capable agency heads to do their jobs and reach their goals. There is no adequate substitute for clear assignments of responsibility within sound structural arrangements. It is doubtful that we can ever attain the quality of program execution which our citizens have a right to expect until the executive branch departments are converted into more viable entities capable of coping with the complex problems of government. Lesser measures tend to be mere palliatives that seldom

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<sup>21</sup> This is especially true in surface transportation matters where great strides have been made in fostering highway and mass transit cooperation and funding. It also made possible the implementation of congressional initiatives such as the Intermodal Surface Transportation Efficiency Act of 1991.

<sup>22</sup> Source: Harold Seidman, *Politics, Position, and Power: The Dynamics of Federal Organization*, p. 11.

produce much in the way of lasting or beneficial results.<sup>23</sup>

Consolidating federal programs into a smaller number of major purpose executive departments could also improve coordination and oversight of many of the so-called independent agencies of the executive branch.<sup>24</sup> Agencies such as the National Archives and Records Administration, the Railroad Retirement Board, and the Small Business Administration could readily be placed in or under existing or restructured executive departments. In many cases, the pleas of interest groups or other non-managerial factors explain the origin and continuation of independent agencies.

The trend in recent years has been to weaken, rather than broaden, the missions of some executive departments. An example is the removal of education and social security programs from the former HEW, actions that reversed years of effort to build a more comprehensive Department of Human Resources.

### **Structuring Major Purpose Departments**

Assuring that a department contains programs that form a sound basis for its existence is only the first step in facilitating good management. The department must also be organized internally so that it can best achieve its statutory mission. Both headquarters and field structures must be designed to advance the department's effectiveness.

Legislation establishing a department should avoid excessive detail in prescribing internal structure and the placement of authority. The Department of Transportation Act of 1966 balanced Congress' desire to determine the department's major features with the secretary's need for authority to manage. Only a small number of DOT operating (modal) administrations were set up by law. These statutory constituents initially included the Federal Aviation Administration, the Coast Guard, the Federal Highway Administration, the Federal Railroad Administration, and the St. Lawrence Seaway Development Corporation. The act generally avoided prescribing the subordinate structures of these first-tier program entities. Moreover, most program authority was placed in the secretary with the power to delegate. The 1967 organization has held up well in practice. The subsequent principal changes have involved absorbing additional functions such as urban mass transportation, vestigial functions of the Civil Aeronautics Board and Interstate Commerce Commission, and maritime programs.<sup>25</sup> There has also been a splitting of the original Federal Highway Administration into construction and safety oriented administrations, but this is the only major change to a program entity included in the

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<sup>23</sup> Many efforts, largely unsuccessful, have been made to foster cooperation in river basin matters through the use of interagency committees. The Federal Interagency River Basin Committee (known as "Firebrick"), the Interagency Committee on Water Resources (called "Icewater"), and the Water Resources Council successively failed over 40 years to bring about significant improvements in natural resources development matters. The Air Coordinating Committee, which preceded the Federal Aviation Administration, provides another instance of a largely ineffective effort to foster interagency coordination.

<sup>24</sup> Except for the Consumer Product Safety Commission, the term "independent agency" as used here does not include regulatory agencies headed by commissions or boards, such as the Federal Communications Commission and the Securities and Exchange Commission.

<sup>25</sup> In 1978, urban mass transportation functions were transferred from HUD to DOT by reorganization plan. The maritime functions of the Commerce Department were moved to DOT in 1981.

original departmental plan.<sup>26</sup>

DOT assistant secretaries function in staff capacities with no direct authority over the heads of operating administrations. Nor are functions assigned to them by law. The secretary alone decides what the assistant secretaries shall do and adjusts their role accordingly. This approach encourages the use of these officials in crosscutting roles such as policy, public relations, congressional liaison, and administrative management. Thus, one assistant secretary may be assigned a general policy role, another public affairs functions, and another budget and program review responsibilities. The secretary can usually make changes administratively without seeking legislation. Many adjustments have been made in the roles and titles of DOT assistant secretaries since 1967.<sup>27</sup>

The DOT approach to internal organization closely resembles the one long used by the Department of Defense. In Defense, the principal operations are conducted by the three services, while undersecretaries and assistant secretaries are charged with such matters as logistics, personnel, budgets, and research and technology.

The Defense-DOT management concept contrasts sharply with the organization of departments such as Interior, Agriculture, and HHS. These traditionally contain statutory bureaus or “administrations,” which are managerially self-sufficient and concerned with a slice of the department’s statutory mission. The wide span of control over these entities is bridged by program-oriented line assistant secretaries. Interior Department assistant secretaries have been used to oversee and, in theory, coordinate bureaus concerned with water resources, land management, mineral resources, wildlife and recreation, and Native Americans, with mixed results.

Line officials in departments such as Interior are often unable to manage effectively because bureaus are insulated from the secretary by the intervening assistant secretaries, yet the program-oriented assistant secretaries rarely have the experience, continuity of service, or resources needed to exercise meaningful supervision. In addition, the crosscutting functions which should be handled out of the secretary’s office may be neglected or poorly led because most of the assistant secretaries are being used as line officials supervising programs.<sup>28</sup> The Department of Energy was established in a centralized mode with the assistant secretaries directly in charge of operating programs. This was done to avoid the creation of “fiefdoms,” as were alleged to exist in DOT. The result, however, has been a weak management structure. More recently, Congress passed legislation that effectively created a department-within-a-department for the nuclear weapons mission.

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<sup>26</sup> These are, respectively, the Federal Highway Administration, the National Highway and Traffic Safety Administration, and the Federal Motor Carrier Safety Administration, the last of which was created pursuant to the Motor Carrier Safety Act of 1999.

<sup>27</sup> There recently have been attempts—occasionally successful—to establish funding limits for each assistant secretary's office. Any such practice could severely impair the secretary’s authority to move resources within his office. The current appropriations act is free of such restrictions.

<sup>28</sup> These functions include policy formulation, human resources management, management analysis, and the budget, which affect most or all departmental activities.

Another action that the author believes weakened the ability of Cabinet secretaries to use their top officials in ways that would be most helpful in managing their departments was the creation of statutory inspectors general during the Carter administration. Public administration scholars and departmental executives have differed on the need for and role of inspectors general, whose actions have at times produced both strong criticism and applause. They are of assistant secretary rank (Executive Level IV) and are appointed by the president and confirmed by the Senate.

The Inspector General Act of 1978 vested federal audit responsibilities and the conduct of investigations involving fraud, waste, or abuse in these unique officials. Congress prescribed the qualifications and functions of inspectors general in detail, and specifically required that they be appointed “without regard to political affiliation and solely on the basis of integrity and demonstrated ability in accounting, auditing, financial analysis, law, management analysis, public administration, or investigations.” It has become established practice that they are not automatically terminated upon the inauguration of a new president, a development that can add stability to the position. Each inspector general nominally reports to the secretary or the agency's number two officer, but may not be supervised by anyone else. Neither the establishment head nor the next in rank may prevent the inspector general from launching or completing any audit or investigation, or from issuing subpoenas. Furthermore, the position must be filled, even if a secretary prefers other ways to conduct audits and investigations.

There are now 57 statutory inspectors general. This has partly resulted from a mostly unwarranted congressional distrust of federal managers, and partly from concern about waste and failures of integrity in certain programs and agencies. Under the current statutes, the dual reporting requirements and the prescription of their functions assure that inspectors general have a large measure of independence.

Supporters of the inspector general concept contend that the position has improved the operation of departments and agencies by reducing waste and ferreting out abuse that otherwise would not have been discovered until much later, when the consequences would have been more serious. They believe that the position, when utilized as part of the top management team during the formulation of new policies, can help minimize agency vulnerability to waste and abuse.

By flagging problems at an early stage, supporters believe that inspectors general can place agency leadership in a position to claim credit for taking strong remedial action, thereby enhancing the agency's stature and leadership. They also point to the substantial savings that are included in the inspector general reports. Finally, Congress believes that cover-ups of agency failures are more difficult with the presence of the inspectors general. Congress is less likely to question agency statements or actions when the inspectors general have already addressed them as part of their work.

There are those, including the author, who view the inspector general concept differently. This view holds that the inspector general statutes are basically flawed because of their dual reporting to Congress and the agency head, a violation of a basic principle of good management.<sup>29</sup> Those with this view believe the placement of the audit function under an

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<sup>29</sup> The adage that one cannot serve two masters is arguably applicable to inspectors general.

independent official at times delays—rather than expedites—the discovery of problems, and can delay an agency head’s urgent need for taking corrective action. Such delays can result in the agency head being criticized by Congress or the press for inaction. Because of the broad statutory language describing the inspector general’s functions, critics charge that the office contributes to the fragmentation of agency leadership’s accountability.

There is some concern that the statutory inspectors general tend to fragment the distribution of staff management functions among the secretarial officers of the departments. This is particularly true of the audit function. In major corporations, state governments, and other national governments, there is provision for internal and external audits. In the U.S. government, Congress has assigned the external audit responsibility to the General Accounting Office. The author is not aware of any other situation where an organization head is subject to external audit and does not have full authority over internal audits. Vesting authority over internal audits in an independent inspector general weakens the agency head's control over resources devoted to the prevention of abuse and inefficiency, which were once directly available to that official. It is clearly anomalous that the chief financial officers established by Congress do not have authority over internal audits.

Given the strong support in Congress for inspectors general and the fact that their number has greatly expanded since the first fourteen were established, there seems little prospect for revisiting the concept except as part of a thorough reexamination of how best to organize executive departments. If this were done, the author would suggest that an alternative approach used by President Eisenhower be considered. The president and Congress could require each secretary or agency head to organize his or her office so that the functions now lodged in inspectors general would be performed by one or more officers designated by the agency head. The adequacy of such arrangements could be reviewed by the General Accounting Office through its audit program and by Congress through its oversight activities.

At the present time, the challenge facing departmental secretaries and other agency heads is in trying to make the concept work better. Care in the selection of inspectors general and the training of their staffs should, for example, be given high priority.<sup>30</sup>

### **The Role of the Office of the Secretary**

Notwithstanding some setbacks, the Hoover Commission’s goal of concentrating program and managerial authority in the Cabinet secretaries has been substantially realized. Many authorizing statutes now vest functions in the secretaries with the power to delegate, rather than lodge authority directly in subordinate officials. This gives secretaries needed flexibility in implementing statutory functions and adapting to changing circumstances.

Departmental secretaries are likely to achieve less momentum and success with their programs if they fail to utilize the talents of their top program officials. A secretary’s substantive and administrative powers should be delegated to the agency’s administrators or bureau directors

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<sup>30</sup> The Executive Committee of the Academy's Standing Panel on Executive Organization and Management sent Presidential Transition Memorandum Number Four entitled, "Inspectors General: Relationships with Agency Head" to a number of administration officials on January 30, 2001.

excepting, of course, those that by law or other compelling reasons must be retained. The secretary's office has enough to do without retaining functions that can be performed at lower levels. DOT's initial approach was to decentralize program authority to the modal administrations whenever feasible, and to make individual administrations self-sufficient in day-to-day administration. Implementing these concepts was not easy, but it was energetically pursued during the department's first six years and, in the view of Secretaries Boyd and Volpe (1967-1973), with good results.

Secretarial offices have been charged with micro-managing even such well-staffed sub-agencies as the Social Security Administration and the Federal Aviation Administration.<sup>31</sup> When this occurs, these offices may become a drag on efficient administration. In both cases, perceptions of micro-management bolstered plans for independent agency status. To survive as the principal mechanisms for executing the nation's laws, executive departments must prove their worth by advancing the quality of administration in ways that produce beneficial results.

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<sup>31</sup> The Social Security Administration was a part of HHS until it became an independent agency in 1995.

## Responsibility for Internal Administration

All departmental statutes provide for a deputy secretary to assist the secretary in running the department. The presence of a number two officer should be helpful, but it may prove insufficient unless other institutionalized sources of management advice and assistance are available. This is because few secretaries or deputies are chosen for their experience in managing public agencies. Moreover, the pressures of policy matters, legislation, inter-agency conflicts, interest group demands, and public relations often severely limit the time available to run the agency. Some deputy secretaries are able to serve as effective chief operating officers, but some may lack the required backgrounds or interests to effectively fill a management leadership role.

During the first five decades of the twentieth century, the official who ran a department's internal administration was the "chief clerk." This official was always a career civil servant whose formidable institutional memory and skill in getting things done were vital in the rigid and over-centralized departments of this period.<sup>32</sup>

The first Hoover Commission concluded that there was the need for a stronger center for administrative services and management advice to the secretary. It recommended the establishment in each department of the post of assistant secretary for administration (ASA), whose occupants would be from and in the career civil service, to help cope with this need. With indefinite tenure, the ASAs were expected to oversee internal functions such as human resources, budget, financial management, management analysis, audit, and support services.

The response to this proposal was universally favorable, and it was approved by President Truman. Within months, most executive departments were equipped with statutory ASAs. When HUD and DOT were established in 1965 and 1966, these positions were included without controversy in the authorizing acts.<sup>33</sup> From 1949 to 1973, career ASAs provided each secretary with a single official responsible for virtually every aspect of internal organization or management.<sup>34</sup> In the Nixon administration, however, White House officials distrusted the civil service and especially the career assistant secretaries. The administration acted to remove many ASA positions from career status and substituted political appointments to similarly titled offices. An inevitable loss of institutional memory and objectivity followed.

Congress has also contributed to the disappearance of a single experienced center of internal management. Several laws prescribing how these functions must be organized, and the creation of statutory inspectors general, now make it next to impossible to restore the ASA post as the focal point of internal departmental management. An important obstacle is the 1990 statute establishing the post of Chief Financial Officer (CFO) in each department. This law contributes to the dispersion of internal management responsibilities by mandating a

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<sup>32</sup> For example, prior to World War II, the chief clerk of the War Department individually approved appointments and promotions of all civil servants subject to the Classification Act of 1923.

<sup>33</sup> The statute creating ASAs in these departments continued to place the appointment authority in secretaries, but the selections were subject to presidential approval.

<sup>34</sup> In DOT, this official was initially responsible for the budget, human resources, management analysis, financial operations, audits and investigations, internal security, and all common services administered through the working capital fund.

presidentially-appointed CFO in each department who must report directly to the secretary. The CFOs were made responsible for “directing, managing, and providing policy guidance and oversight of agency financial management personnel, activities and operations.”<sup>35</sup> CFOs were also required for several non-Cabinet agencies, including the General Services Administration and the Office of Personnel Management. These, however, are to be career officials and are appointed by the agency heads. More recently, the Information Technology Management Reform Act of 1996—better known as the Clinger-Cohen Act—established chief information officers in the executive departments. This statutory provision has continued the undesirable tendency to prescribe detailed arrangements for internal management through legislation. Similar status has been suggested for human resources and procurement leadership in the departments.

Since the position of career assistant secretary cannot be realistically restored in the present political climate, Academy panels have proposed new and more effective centers of internal management.<sup>36</sup> The solution preferred by Academy panels has been the establishment of the post of undersecretary for management at Level III in the executive schedule. The four executive departments proposed by President Nixon in 1971 all provided for such a position. As the third ranking officials of their departments, their focus on management issues would free the deputy secretaries to concentrate on substantive program matters. The authorizing statutes for the new undersecretaries should require a background in public management or related experience. The need is now greater than it was in 1971, when an Academy panel first recommended the establishment of the position of undersecretary for management.

Recognition that secretaries often need help in overseeing their departments’ internal operations has led, in some cases, to establishing a chief of staff or designating an official as chief operating officer (COO). The chiefs of staff are usually special assistants to the secretaries with defined roles that give them special and influential status. The need for and role of a chief of staff are influenced by the way the secretary and deputy secretary function, departmental traditions, the role of a headquarters secretariat, and the skill and personality of the incumbent. This post should not be required by law in civil departments because it would intrude on the freedom of secretaries to arrange their offices to meet their style and requirements. A deputy secretary who is an effective manager and a well-organized secretariat will often reduce or eliminate the need for a chief of staff as an important figure in management matters. This has been demonstrated in several departments, including DOT and HEW. The post may, however, become one concerned chiefly with political matters.

The COO concept usually entails so designating an existing high official. The COO position is common in private sector corporations, and its adoption by public agencies is seen as helping them improve their internal management. Ideally, the deputy secretary should be the COO but, as noted above, many of these officials are neither well qualified for, nor interested in, this role. Thus, it may be desirable to authorize but not require secretaries to appoint COOs, but

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<sup>35</sup> The Chief Financial Officers Act of 1990 (P.L. 101-576)

<sup>36</sup> See Academy reports on *Revitalizing Federal Management* (1983) and *Renewing HUD: A Long-Term Agenda for Effective Performance* (1994).

with the option of leaving the position vacant if it is not needed.<sup>37</sup> President Clinton established by executive order a President's Management Council that served as a mechanism for COOs to meet regularly and consider issues of government-wide concern.

## **Field Organization and Management**

The quality of departmental administration depends heavily on the design of the field organization and the degree to which authority is decentralized to field officials closer to the public served. Existing departmental approaches to field management reveal much diversity, and generally applicable models are not to be found.

In contrast to the organization of the secretary's office and the structure of headquarters program elements, where specific approaches have been suggested, there is no such thing as a one-size-fits-all field organization. Since the field deals chiefly with services to the public, it must be tailored so as to assure that those services are competently delivered. The nature of the department's mission and the complexity of the interfaces among its programs and various constituencies should be major factors in the design of a field organization.

The departments differ markedly in the way they use regional directors. In HUD, the regional administrators were initially career officials. They supervised almost all program responsibilities within their regions. The secretary could empower headquarters officials to issue directives to the regions, but since only the secretary could hire or fire the regional administrators, the headquarters officials were dependent on the secretary's support. In some agencies, regional directors have complete authority across all program areas, yet they are often criticized because their decisions and actions can vary significantly from region to region. At the other end of the spectrum are departments with no crosscutting departmental regional officials, including Justice, Commerce, Treasury, and Transportation.

Some departments have no regional directors with comprehensive authority for a good reason, namely that their programs require little or no field coordination. In the Treasury Department, there are few relationships between the U.S. Mint and the Internal Revenue Service, or between the Financial Management Service and the Secret Service. In the Department of Commerce, the Patent Office, the Census Bureau, and the National Oceanic and Atmospheric Administration deal with few matters of common concern in the field. Their field organizations may or may not need strengthening, but there is no persuasive case for inserting regional directors who represent the entire department.

Between the extremes of HUD's original departmental regional administrators and the Commerce-Justice-Transportation-Treasury reliance on bureau field structures are a number of intermediate arrangements. In the 1970s, HEW's regional directors lacked comprehensive program oversight authority but played important roles in the field. Especially during the secretaryships of Elliot Richardson and Caspar Weinberger, the regional directors acted as general managers, program coordinators, services providers, and evaluators. HEW secretaries decided, however, against making regional directors responsible for technical and non-

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<sup>37</sup> Secretary Weinberger and Undersecretary Carlucci had no need for a COO in HEW. This also was true of Secretary Volpe and Deputy Secretary Beggs in DOT.

discretionary programs whose field operations were supervised by Washington. Examples included food and drug enforcement and social security payments.

On the other hand, the interrelationships between the various human resources programs were so complex that regional directors were able to play a strong role in dealing with other government units within the regions. Thus, HEW regional directors were given line authority over programs that did not lend themselves to direct administration through the separate field organizations of the program agencies. This was especially true of activities involving the needs and problems of such special groups in our society as children, youth, Native Americans, the aging, the mentally retarded, and the users of skilled nursing facilities.

In the Carter administration, Secretary Califano abolished the HEW regional directors and replaced them with much weaker “principal regional officials.” This reversed the evolutionary process that was producing a field management structure well suited to HEW’s needs. Although the principal regional officials were again designated as regional directors early in the Reagan administration, they never regained their former status.

Other departments, such as Interior, Agriculture, and Transportation,<sup>38</sup> do not have regional directors but have from time to time created a field presence through “secretary’s representatives.” These usually report, actually or nominally, to the secretary but are given little or no program authority. They often handle interagency and intergovernmental relations, and they can also act as conveners of the field directors of the program elements. These representatives may act as the eyes and ears of the secretary and may serve as members of interagency bodies.

The value of regional or secretary’s representatives is in dispute, and the supporting evidence to date is inconclusive. DOT’s experience suggests that the concept’s efficacy depends on the performance of the individual representatives, the degree to which they have real access to the secretary and other senior headquarters officials, and the extent to which they can work constructively with agency field leadership.

As the secretary’s representatives disappeared from DOT and other departments, HUD introduced this arrangement in 1994 in an attempt to reduce the stovepiping produced when Secretary Cisneros abolished the regional administrators.<sup>39</sup> When Academy Fellows cautioned HUD officials that reliance on secretary’s representatives had failed in most other agencies, they were assured that the secretary planned to treat them as the field equivalents of assistant secretaries. At the time of this paper’s release, HUD has retained the use of secretary’s representatives.

Regional directors are not a prerequisite to decentralized management. Decentralization entails giving field officials the authority to act definitively on matters within their geographic areas, and it is possible to operate a decentralized system through the bureaus or program administrations of departments like DOT or Treasury. Within DOT, the Federal Aviation

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<sup>38</sup> Congress struck out the funding of DOT’s secretary’s representatives as a part of the Fiscal Year 1989 Appropriations Act.

<sup>39</sup> The initial Cisneros reorganization left 81 small field offices reporting directly to several headquarters offices.

Administration, the Federal Highway Administration, and the Coast Guard are among the executive branch's most decentralized organizations. The same has been true of Treasury's Internal Revenue Service. These entities create their own regional systems and delegate legal authority, or redelegate secretary-derived authority, to their own field officials. Most such units have regional directors or similarly designated officials, but they report to the head of the program entity, not to the office of the secretary.

The weight of experience appears to favor decentralized departmental management. When field officials can take final action, services can usually be provided more quickly and with a better understanding of local conditions. Yet a truly decentralized system is not easy to install or maintain. Many headquarters officials are reluctant to rely on field staffs to act on non-routine matters and may consistently push for recentralization. Successful decentralization also depends upon clear policies and standards to guide field officials and, upon reporting, audit and evaluation systems to ensure that delegated authority has been properly used. If at all possible, principal field officials should be from, and remain in, the career civil service. In numerous departments, such as DOT, HUD, and HEW, field officials with career status usually imparted experience, expertise, and continuity to the administration of their programs. They may also be capable of enhancing interagency coordination. These are important factors that are frequently absent from short-term, politically-sponsored appointees.

Congress has been ambivalent about decentralization—initially supporting it in HUD and for the most part in DOT, but resisting it in HEW. From 1969 to 1972, Secretary of Transportation Volpe had little trouble advancing a philosophy of decentralized management, despite the fact that he had to rely on his modal administrators for implementation. In contrast, Secretary Weinberger and Undersecretary Carlucci encountered strong resistance, including legislative interventions, when they sought to advance decentralization in HEW. A department seeking to foster decentralization as a better way of doing business will need a good case, and must deal with the concerns of the involved congressional committees.

## **Management Systems**

A department may have a coherent major purpose and sound internal organization yet still have poor management. A well-functioning department also needs systems to enhance its capacity to make sound decisions, to use resources skillfully, to provide a competent and motivated staff, and to generate responsiveness to public needs.

Such a department must invest much effort in designing, implementing and fine-tuning systems for policy development; preparing regulations; determining budget priorities; keeping track of costs and outlays; recruiting and developing competent people; evaluating existing programs and identifying opportunities for improvement; assembling program information needed by agency management and the public; exploiting new technologies; and procuring and utilizing facilities, equipment, and supplies.

Some departments and independent agencies have excellent programs for developing their employees and managers, while others do little in this area. Some develop first-rate financial information, including usable data on program costs; others have accounting systems

that do little more than help avoid violations of the Anti-Deficiency Act. Some have advanced systems to facilitate the monitoring of program accomplishments; others approach target setting and accountability for results in haphazard ways.

Keeping up with and effectively using technological developments have severely challenged agency managers. Coping with new technology requires strong leadership, a competent staff, reliable funding, and the commitment of the workforce. As the Federal Aviation Administration and the Internal Revenue Service have found, the long lead times for acquiring new systems, as well as high costs and the rapidity of change, can frustrate even well-managed agencies. If the obstacles to utilizing new technologies are not energetically addressed, agency managers can pay a heavy price in the form of poor service delivery and a tarnished reputation.

Most departments have a long way to go toward designing and operating the management systems they need to serve the public. Poor progress in these areas may be traced to top officials' lack of understanding, inadequate or poorly-led staff, insufficient funding, and resistance among affected program elements. Except for financial management and selected projects, OMB leadership has also been limited.

Another obstacle to implementing sound management systems is the lengthy period associated with their design and installation, sometimes due to the organization's complexity and the difficulty getting concepts understood and accepted.<sup>40</sup> In other instances, the designers themselves may undertake global assaults that falter under their own weight and wear out the patience of even the most supportive management. Systems reforms often should be done on a modular basis and through pilot demonstrations, so that management can evaluate each piece as it becomes operational. This approach is particularly desirable in areas such as management information, productivity improvement and measurement, and cost accounting.

To get results, a department needs to build the in-house capability to design, implement, and operate management systems. External contractors can help, especially in highly technical areas, but systems improvement is a long haul undertaking, requiring qualified internal staff that can stick with the reforms from beginning to end.

Recent pressures on agencies to downsize have resulted in the weakening, or virtual elimination, of the management analysis staffs that once gave several agencies sustained and sophisticated assistance in meeting organizational and administrative needs. Department heads would be well advised to rebuild the in-house capacity needed to help design and evaluate reforms of their internal systems.

The Government Performance and Results Act of 1993 (GPRA) is the most recent major effort to improve goal definition, priority setting, and results measurement. Since its enactment, agencies have directed substantial resources to carrying out its provisions. However, there have been wide differences among agencies in achieving adherence to GPRA and integrating its

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<sup>40</sup> It required four years (1961-1965) to complete the successful Federal Aviation Administration decentralization, but continuity of leadership and a strong management analysis and engineering staff made full implementation possible. A similar multi-year effort at HEW (1971-1975) collapsed with a change in departmental leadership.

features into their overall management.

It is too soon to predict how much GPRA will in the long run contribute to the quality of agency management. General Accounting Office studies have been helpful but inconclusive, and the process of evaluation is continuing. It also remains to be seen how vigorously this effort will be supported by the new administration and whether the reconstituted authorizing and appropriations committees will begin to make decisions that are significantly influenced by the GPRA process.

### **The Role of Career Staff**

The quality and continuity of departmental management have been jeopardized by assaults on the career civil servants upon whom the political leadership of any agency must heavily depend for the skilled execution of programs. From the beginning of President Franklin Roosevelt's second term through President Johnson's presidency, major progress was made in developing institutions needed to foster improved executive branch management. Career staff made major contributions to decisions bearing on the quality of administration. The emergence in 1939 of a highly respected Bureau of the Budget in the Executive Office of the President was a particularly significant event. Staffed almost entirely by career civil servants, it provided presidents with objective advice on government funding and management. The Division of Administrative Management and its successor organizations were headed and staffed by career experts who had developed sound doctrines to guide organization and management decisions.

The Hoover Commission-generated ASAs stayed in touch with each other informally. Their Executive Officers Group met regularly to exchange ideas and to foster cooperation with the Bureau of the Budget. They also undertook or helped coordinate interagency management projects. As neutral professionals, ASAs bridged changes in secretaries and presidents, including those involving shifts in party control. Also during this period, many bureau directors were drawn from the career service. Virtually all regional officials had competitive status and the entire staff of the U.S. Civil Service Commission, including the executive director, had career tenure.

The Nixon administration feared that career staff could not be counted on to carry out loyally and efficiently the policies of political appointees. The Nixon White House believed that department heads needed their own people if they were to effectively control their agencies. A result was the politicization of many senior positions in Washington and in the departmental field services, especially departmental regional directors and secretary's representatives. As previously noted, the career ASAs were largely replaced by political appointees with similar titles. Many political appointees began surrounding themselves with non-career special assistants and chiefs of staff who often brought mistrust and inexperience to the management of their agencies. Layers of political appointees were established in OMB and in the Office of Personnel Management.<sup>41</sup>

Placing political appointees in traditional career posts, coupled with the denigration of

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<sup>41</sup> OMB replaced the Bureau of the Budget in 1970. The Office of Personnel Management replaced the Civil Service Commission in 1978.

public servants, has not been limited to a given political party or president. In 1978, President Carter said that his most frustrating problem was the “horrible federal bureaucracy.” President Reagan proclaimed that, “Government is not the solution to our problem. Government is our problem.” The situation has become progressively more serious since President Nixon’s aides launched a concerted effort to place political appointees in as many senior positions as possible.

It is worth emphasizing that, whatever the quality of political leadership, a high level of management effectiveness cannot be maintained without a cadre of trusted civil servants. Secretary of War Stimson once remarked, “The only way to make a man trustworthy is to trust him; and the surest way to make him untrustworthy is to distrust him and show your distrust.”

## **The Departments and the White House**

Since President Franklin Roosevelt was authorized to appoint six “anonymous assistants,” the White House, and the Executive Office of the President generally, have grown enormously in size and complexity of functions. This evolution has presented many secretaries with serious territorial and relationship problems. These difficulties can arise from how a president and his principal aides view the role of department heads.<sup>42</sup> If given discretion in managing their departments, both the secretaries and the president will usually benefit. If, however, the White House seeks to micromanage the agencies, it may dilute its ability to handle matters that really require presidential attention. At the same time, an interventionist approach can undermine secretarial accountability for departmental program outcomes.

This paper has argued that a department usually functions best when decentralized. This applies *a fortiori* to the much larger executive branch. It is often difficult, considering political and personal factors, to remove loyal political allies who cannot run their agencies, but it is even more difficult to bypass them. Fortunately, most departments can continue to function at a reasonable level if they are being held together by competent career managers.

It also helps immensely for a secretary to have a trusting relationship with the president. It then becomes much easier for the department to rebuff intrusive White House staff and to defend departmental turf. A forceful personality and a willingness to resign, if necessary, also ordinarily strengthen the secretary’s position.

## **LOOKING TO THE FUTURE**

From time to time, issues of government management become so serious as to require addressing by external commissions that can focus public, congressional and executive branch attention on both the nature of the problems and the potential solutions. Examples include the Brownlow Committee of the 1930s, the first Hoover Commission, the President’s Commission on Postal Organization, and the Ash Council, all of which played key roles in creating climates favorable to important reforms and developing specific courses of constructive action.

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<sup>42</sup> A principal aide to President Nixon is reported to have said, “When the White House asks a secretary to jump, the only question should be ‘How high?’”

It is unlikely that serious attention will again be devoted to improving departmental organization and management on a government-wide basis without the stimulus of some new entity along the lines of an independent and impartial commission. A recent effort to utilize the commission device to advance improved government organization and management was the Government for the 21<sup>st</sup> Century Act, co-sponsored by Senators Fred Thompson, Joseph Lieberman, and others in the 106<sup>th</sup> Congress. This bill, had it passed, would have provided for an independent Commission on Government and Restructuring to examine and make recommendations on reforming and restructuring the organization and operations of the entire executive branch. The commission would have examined such issues as how to restructure agencies and programs to better achieve their statutory missions and how to maximize productivity, effectiveness, and accountability for performance results.

At Senator Thompson's request, an Academy ad hoc task force provided comments on the legislation to the Senate Committee on Governmental Affairs. The task force noted that successful commissions have possessed five fundamental characteristics:

- Their mandate involves a fairly specific social, economic, or political problem that the legislative process apparently cannot handle. A charge too sweeping in nature generally results in failure.
- They have real support from the president and key members of Congress, and from a fair number of affected interest groups and the media.
- They are composed of objective, highly respected people, with no close ties to directly affected groups.
- Members are personally prepared to follow up on their recommendations, and help convince decision makers to act.
- A high quality professional staff supports them; the notion of several wise individuals brainstorming their way to a solution is illusory.<sup>43</sup>

The new administration and a closely divided Congress present a new opportunity to launch a commission on executive branch organization on a bi-partisan basis. Fellows of the Academy would be glad to lend their support to such an effort.

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<sup>43</sup> Letter from Murray Comarow, Vice Chairman, Academy Standing Panel on Executive Organization and Management, to Senator Fred Thompson, Chairman, Senate Committee on Governmental Affairs. June 12, 2000.

## **APPENDIX**

At the request of the Senate Committee on Governmental Affairs, an Academy panel in 1988 developed criteria to be used in committee deliberations about whether or not the Veterans Administration should be elevated to Cabinet department status. The panel identified fourteen criteria and found that they provided the most appropriate bases for determining whether any set of government programs are best conducted by a Cabinet department. Posed in the form of questions under five broad categories, these criteria are listed below:

### **Establishing a National Priority for the Agency's Programs**

1. Does the agency or set of programs serve a broad national goal or purpose not exclusively identified with a single class, occupation, discipline, region or sector of society?
2. Is there evidence that there is a significant need of the veterans' population that is not now adequately recognized or addressed by the Veterans Administration, the president or Congress which would be better assessed or met by elevating the agency to a Cabinet department?
3. Is there evidence of impending changes in the needs of, or the circumstances surrounding, the veteran population which would be better addressed if the Veterans Administration were made a Cabinet department? Are such changes expected to continue into the future?
4. Would a Cabinet department increase the "visibility" and thereby substantially strengthen the active political and public support for programs assisting veterans, including the volunteer service and donated cash assistance currently being provided through veteran service organizations and the non-organized citizenry?
5. Is there evidence that becoming a Cabinet department would provide better analysis, expression and advocacy of the needs and programs which constitute the agency's responsibilities?

### **Improving Program Effectiveness**

6. Is there evidence that elevation to a Cabinet department would improve the effectiveness of service delivery to veterans and their beneficiaries?
7. Is a Cabinet department required to better coordinate or consolidate programs and functions which are now scattered throughout other agencies in the executive branch of government?

### **Improving Veterans Program Efficiency**

8. Is there evidence that a Cabinet department with its increase in the centralized political authority of the secretary's office would result in a more effective balance, within the agency, between integrated central strategic planning and resource allocation, and the direct participation in management decisions by the line officers who are responsible for directing and managing service delivery? Would the staff officer-line officer interaction be improved?

9. Is there evidence that there are significant structural, management or operational weaknesses within the Veterans Administration that could be more easily corrected by elevation to a Cabinet department?
10. Is there evidence that there are external barriers and impediments to timely decision making and executive action that could be detrimental to improving the efficiency of Veterans Administration programs? And would these impediments be removed or mitigated by elevation to a Cabinet department?
11. Would elevation to a Cabinet department help recruit and retain better qualified leadership within an agency?

### **Improving Federal Policy Integration**

12. Is there evidence that a Cabinet department would facilitate more uniform achievement of broad, crosscutting national policy goals such as better integration of biomedical research; a national AIDS program; drug prevention and treatment programs; health care cost containment; equitable needs tests in areas beyond disability compensation benefits; government-wide personnel and budgetary controls; more efficient management and disposition of federal real property assets; and the comprehensive coordination of health care, income maintenance, education and training and other service delivery strategies?
13. Would elevation to a Cabinet department for the Veterans Administration weaken or strengthen the Cabinet and the Executive Office of the President as policy and management aids to the president?

### **Improving Accountability to Elected Public Officials**

14. Would the elevation to a Cabinet department have a beneficial or detrimental effect upon the oversight and accountability of the agency to the president and Congress?