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Presidential Management Capacity to Respond to 21st Century Challenges

Sponsored by the Standing Panel on Executive Organization and Management

Project Overview

Introduction

The Executive Branch of the U.S. government has grown substantially since the Eisenhower Administration, primarily with the Great Society programs of the Johnson Administration and the substantial expansion of many programs during the current Administration. That growth has included many new agencies and programs.

There are 15 executive departments and about 70 other agencies, including agencies in the Executive Office of the President (EOP), independent agencies, independent regulatory commissions, and various other boards, government corporations, and commissions (both permanent and temporary). The management of this diverse structure has been the subject of substantial attention during the Clinton Administration (the National Performance review), and in the Bush Administration (the President's Management Agenda).

With a new Administration, it is timely for the President and Congress to evaluate: 1) the President's capacity to manage a complex enterprise, and 2) where that capacity can be strengthened, if necessary. That was the focus of a two-year study by the Standing Panel on Executive Organization and Management (EOM) of the National Academy of Public Administration (NAPA).

This panel has posted 14 individual issue papers on various facets of Federal management on the NAPA website (www.napawash.org/pmc/index.html). This paper is an overview (not a summary) of those papers, each of which has a one-page Executive Summary. It cites the individual papers with a brief description of their focus. It also fills in a few blanks respecting management issues that are not the subject of separate papers. The papers do not address the possible need for a review later in the next Administration of the structure of the Executive Branch, but that should await the re-establishment of executive organization expertise in the EOP, as proposed in two of the papers in the series.

The Role of the President in Managing the Executive Branch

Our Constitution clearly establishes three branches of government and assigns powers to each. But those powers are divided in such ways that the system is more accurately described as a government of shared, rather than separated, powers. That explains why the role of the President evolves – not just over time – but from one President to the next. The next President must decide what role he will play and how he envisions his relationships with Congress and Executive Branch agencies. Then he must articulate his conception of his role to those entities and to the nation.

Several differing conceptions of how he might approach his managerial initiatives are explored in two papers:

- [“Principles, Values, and Assumptions Underlying Good Public Management”](#) discusses four perspectives on “good public management” that have served as the unstated underpinnings of reform efforts undertaken over the past 50 years:
 - the “state,” or traditional hierarchical perspective sees public administration from the standpoint of centralized, integrated control by the President,
 - the “market-based” perspective sees public administration relying on commercial management approaches such as competition, choice, customers, incentives, and contracts,
 - the “civil society” perspective sees society operating often through non-governmental, voluntary civic and social organizations that act collectively on behalf of the larger community, and
 - the “collaborative” perspective has adapted approaches from the previous three perspectives. It is based on the development of common goals and extended, or peer-to-peer, relationships across hierarchical boundaries.
- [“Presidential Management Relationships with the Departments and Agencies”](#) reviews the President’s management role and describes eight elements that are the means for accomplishing his objectives:
 - appoint and (in most cases) remove agency heads and other top officials,
 - set goals for program performance or achievements, efforts for reform and improvement, or shifts in resource allocations,
 - develop an overall budget formulation strategy and annual budgets,
 - propose legislation or approve agency proposals,
 - initiate management improvement innovations or reforms,
 - oversee the maintenance of a large number of permanent, government-wide management systems and procedures,
 - work with the Congress on issues affecting management, and
 - direct and support OMB efforts to apply a broad range of program and government-wide managerial policies, program guidelines and preferred management practices.

The Role of Agencies in the Executive Office of the President in Supporting the President's Management Responsibilities

The White House Office. Our series does not assess the White House staff role in federal management, *per se*, but several papers touch upon that subject. For more information about the White House organization and staff, readers may refer to a 2008 book by NAPA Senior Fellow, [Bradley H. Patterson, Jr.: "To Serve the President - Continuity and Innovation in the White House Staff,"](#) published by the Brookings Institution.

The President's principal management arm is the Office of Management and Budget, whose name was changed by Reorganization Plan No. 2 of 1970 from the former Bureau of the Budget (BOB). The objective of that Plan was to upgrade and strengthen the management functions that had long been lodged in BOB. That change has been criticized by those who believe that the objective was not accomplished and that government-wide management capacity was weakened. That view was reinforced by the "OMB 2000" internal reorganization in which the general management staff were all reassigned to the newly-named Resource Management Offices. Five specialized management offices, though government-wide, remain in OMB; focusing on procurement, financial management, acquisitions, human resources, information and regulations, and E-Government.

Attention to agency management by the former Budget Examining divisions was significantly increased after the OMB 2000 reorganization while expertise on government-wide general management functions was virtually lost. This exacerbated management weaknesses resulting from the earlier dissolution of the former Government Organization Branch and the Office of Executive Management, of which it was a part. Many observers strongly believe that budget and management are inseparable and that moving the management functions out of OMB would be a mistake.

Given the range of views on this central issue of Presidential Management Capacity, five papers in our series address perceived deficiencies in the current structure, each with a different proposed remedy:

- ["The President Needs Help: A Proposed Office of Federal Management"](#) reviews such perceived deficiencies in the management functions and staffing in OMB; proposes the transfer of its management functions to a new Office of Federal Management, proposes to re-name OMB as the Office of Federal Budget, and includes appendices in the form of a draft bill and explanatory statement to be included in the accompanying Congressional report.
- ["The President Must Develop a Strong Capacity to Meet Executive Organization Requirements"](#) reviews the executive organization expertise that was once lodged in BOB and retained briefly in the new OMB, describes the consequences of the loss of that expertise with particular regard to the troubled establishment of the Department of Homeland Security (DHS) and the Director of National Intelligence, It proposes establishing a new Government Organization Office in OMB.

- [“A Modernized Office of Executive Management: An Option for Making the ‘M’ in OMB a Reality”](#) reviews the need for re-establishing the capacity once existing in OMB for program management, interagency coordination, intergovernmental management, as well as for executive organization.
- [“The President’s Intergovernmental Management Agenda”](#) discusses the previous White House and BOB efforts in intergovernmental management and proposes that similar structures and capacities be re-established.
- [“Crisis Management”](#) compares two highly-successful efforts (rebuilding Alaska after the major earthquake there, and parts of Pennsylvania after major flood damage) with the failures of DHS (except for the Coast Guard), and state and local government, to deal effectively with Hurricane Katrina. Based on that comparison, it suggests that dealing with major disasters effectively demands flexibility to establish *ad hoc* arrangements depending on the characteristics of the disaster.

None of these papers argue for keeping OMB’s management functions exactly as they are today. In fact, four of the five foregoing papers would preserve the existing management functions in OMB but would augment them with units performing government-wide management functions that were once performed in BOB and OMB.

Information Technology. An additional capacity for strengthened management has evolved through the acquisition and increased use of Information Technology (IT). All federal agencies now routinely use IT in carrying out daily functions, and exchange information with each other and with the general public through the emerging use of Internet-based systems. The existing OMB Office of E-Government and Information Technology works to improve and share best IT practices among agencies throughout the government.

This IT resource makes it possible to centralize certain management and control functions while retaining independence and autonomy of each agency. Systems such as Web 2.0 collaboration tools and Enterprise Resource Planning can give operational information not only within, but across agencies; and Dashboard technologies, coupled with Performance Management systems, offer the ability to seamlessly evaluate the performance of the entire government structure against pre-structured goals. With the increased use of IT come the risks from unintended releases of information, attacks from rogue hackers and other security issues which require a new mindset and oversight configuration. This potential impact of IT on organizational aspects of governance should be considered as an enabling strategy for strengthened management capacity of the EOP along with other expansions of OMB management functions proposed in the foregoing papers.

Non-institutional Methods. In discussing structural options for strengthening management capacity, we also considered a range of methods for coping with emergent management needs, none embedded in statute. These must be kept in mind as few problems which confront the modern presidency can be solved within the boundaries or jurisdiction of one federal agency. Several examples that typically were temporary and depended on designating a leader, while relying on existing public and private organizations to do the bulk of their work are: the 1964 Alaskan Earthquake, the Y2K initiative, SWAT teams, the Carter

Reorganization Project, the Clinton/Gore National Performance Review, and the Iraq Study Group.

The Alaskan Earthquake recovery is discussed in the [crisis management paper](#), and the Carter and Clinton/Gore efforts are discussed in the [government organization paper](#). Other such techniques are not all spelled out in our series. One paper, however, does focus on a non-institutional method:

- [“Improving Collaboration by Federal Agencies: An Essential Priority for the Next Administration”](#) notes that it is time to change the cultures of federal organizations to embrace greater collaboration and to facilitate the rise of collaborative leaders and managers to positions of authority.

Useful Management Tools, Techniques, and Processes Available to the Next Administration

Six papers discuss the principal tools, techniques, and processes through which the management of the government is accomplished, facilitated, and overseen:

- [“Strengthening the Government's Budgeting and Financial Management Capacity”](#) examines the role of the President as steward of the Executive Branch’s planning, budgeting, and financial management systems, and identifies potential gaps that must be addressed to improve decision-making and accountability. It notes that better information on costs, benefits, and relative returns on investment can help the President make better choices, and offers several proposals toward that end.
- ["Governing with Foresight: Institutional Changes to Enhance Fact-Based Decision-Making in the Executive Office of the President"](#) explores how alternative approaches could be used to bolster the President’s capacity to lead the nation, including 1) creating a government-wide strategic plan that sets priorities among sets of programs, 2) expanding the use of “National Strategies” as a targeted approach for fostering cross-agency strategic direction, and 3) creating a White House-level “Performance-Stat,” modeled after similar efforts underway at the state and local levels.
- [“Strategic Management of Human Capital”](#) notes that, with the increased reliance on federal contract employees, contract and human resources leaders should work closely to achieve optimum staffing in-house and by contract, using procurement and human resources policies that are better harmonized. Because many operational policies for hiring, promoting, paying, reassigning, disciplining, and removing civil service employees are rooted in obsolete premises suitable to a mid-20th century federal workforce, the paper assesses four issues for civil service employees: 1) leadership in the Civil Service, 2) balancing centralization and decentralization of human resources authorities, 3) employment policy and practice, and 4) performance and pay.
- [“Government By Contract: The White House Needs Capacity to Review and Revise the Legacy of 20th Century Reform”](#) notes that mid-20th century reforms have resulted in

the federal government's over-reliance on grant and contractor employees to perform the basic work of government, generating fundamental questions that have lain unexamined by Congress and the Executive. The White House must understand this in order to shape reform for the 21st century. Therefore, it needs capacity to: 1) determine which vital government functions may no longer be within the grasp of officials, 2) know whether top officials understand the basic dimensions and identity of all the human resources at their call, 3) determine when those doing sensitive government work on taxpayer dollars are not subject to rules enacted to govern such activities, 4) ascertain whether resources needed to hold contractors accountable for performance are adequate, and 5) determine how well the central tools of accountability are working.

- [“The Legislative Clearance Process”](#) describes that process which has changed little over the years. Responsibility for decision-making, however, has shifted from senior career staff (primarily) to political appointees. Some believe this change has had unfortunate consequences, that the career staff would be more concerned about the institutional presidency, and that it would warn against legislation that might set bad precedents. The author worked for many years in BOB and OMB, for a time as head of the responsible Office, and contends that the career staff continue to perform their duties in an objective and non-partisan fashion, and that political decision-making by presidential appointees is the way our system works.
- [“Federal Regulations Development, Review and Approval Processes”](#) discusses the positive experience of the Centers for Medicare & Medicaid Services (CMS) regulatory process and identifies six major principles of effective rulemaking. It notes that some Members of Congress, and other observers and stakeholders have alleged that regulatory actions by other executive agencies have sometimes been subjected to objections by central authority based upon ideological or political reasons, instead of scientific and technical findings. The significance of that review process by the EOP has grown substantially since the Nixon Administration. Some view increased EOP involvement as pre-emption of authority vested by law directly to the heads of departments and agencies. In an Appendix, the paper identifies, but takes no position on, four examples that aroused substantial criticism about the role of central authorities over agency regulations. CMS regulation, the major subject of the paper, has not experienced such controversial interventions.

Conclusion

In whatever area of federal government policy and practice we observe, good management would likely have produced better results. Students of the presidency, however, differ on the importance of management to the success of a President. We side with those who say that management is one of the President's most important responsibilities. It is the means by which he can more effectively achieve his policy goals. In short, as stated by NAPA Senior Fellow Alan Dean, “In the long run, good management is good politics.” We hope that these papers will assist the next President in developing a management strategy geared to 21st Century opportunities and goals.