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# **The President Must Develop a Strong Capacity to Meet Executive Organization Requirements**

by

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One of a Series of Issue Papers on

**Presidential Management Capacity to Respond to 21<sup>st</sup> Century Challenges**

Sponsored by NAPA's Standing Panel on Executive Organization and  
Management

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This is one of a series of issue papers prepared under the auspices of The National Academy of Public Administration's Standing Panel on Executive Organization and Management. They are intended to inform Presidential candidates and Congress about the management capacity of the Executive Office of the President and the challenges facing it.

A list of the papers that have been completed as of this date can be found after this title page. The papers represent the views of the author(s), not necessarily those of the Academy or any of its panels.

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## **List of Issue Papers on Presidential Management Capacity to Respond to 21<sup>st</sup> Century Challenges**

The Standing Panel on Executive Organization and Management undertook an effort in 2006 to examine the institutional management capacity of the Executive Office of the President. Following is a list of issue papers issued as of August 2008:

### **Broad Governance Issues**

- “Principles, Values, and Assumptions Underlying ‘Good Public Management’” *by John Kamensky*
- “Governing with Foresight: Institutional Changes to Enhance Fact-Based Decision-Making in the Executive Office of the President,” *by John Kamensky*

### **Institutional Management Capacity of the Executive Office of the President**

- “A Modernized Office of Executive Management: An Option for Making the M in OMB a Reality,” *by Dwight Ink*
- “The President Must Develop a Strong Capacity to Meet Executive Organization Requirements,” *by Dwight Ink and Herbert Jasper*

### **Management Tools Used by the Executive Office of the President**

- “Strengthening the Government’s Budgeting and Fiscal Management Capacity,” *by F. Stevens Redburn and Philip G. Joyce*
- “Crisis Management” *by Dwight Ink*
- “The President’s Intergovernmental Management Agenda,” *by Bruce McDowell*
- “Government By Contract: The White House Needs Capacity to Review and Revise the Legacy of 20th Century Reform,” *by Dan Guttman*
- “Improving Collaboration by Federal Agencies: An Essential Priority for the Next Administration,” *by Thomas Stanton*
- “The Legislative Clearance Process,” *by Bernard Martin*

# Table of Contents

Executive Summary .....	4
Purpose.....	5
Background .....	5
Past Capacity to Advise on Government Organization.....	5
Organization Capacity in Several Different Administrations .....	9
Nixon Administration Experience.....	9
Carter Administration Experience .....	10
Reagan Administration Experience .....	10
Clinton Administration Experience.....	11
Examples of Poorly-Conceived Reorganizations .....	12
United States Agency for International Development (USAID) and United States Information Agency (USIA) .....	12
Department of Homeland Security (DHS).....	14
Intelligence Reorganization.....	18
Conclusions.....	20
Reconstituted Office of Government Organization.....	21
Location of the Office of Government Organization (OGO).....	23
Recommendation .....	23
About the Co-Authors .....	24
 <b>Appendices</b>	
Appendix A: Working Group Letter on Intelligence Reform.....	25
Appendix B: NAPA Participants in Working Group.....	31

## Executive Summary

This issue paper reviews the significant staff work performed by a now-defunct Government Organization Branch in the Budget Bureau and in OMB. That staff work led to major government reorganizations from the 1940s to the 1970s, including:

- organizing the World War II agencies that mobilized the nation (for President Roosevelt)
- organizing the Marshall Plan (for President Truman)
- developing the inter-governmental structure for the interstate highway system (for President Eisenhower)
- organizational arrangements to carry out the Great Society programs, and the Department of Transportation (for President Johnson)
- establishing the Environmental Protection Agency, the Office of Management and Budget, and the New Federalism program to streamline our federal system of assistance to state and local governments (for President Nixon).

The authors describe how absence of an expert staff on Government Organization in OMB left the President weakened in dealing with unwise organization proposals, whether originating in the White House or Congress, such as:

- the absorption of the Agency for International Development by the State Department and
- elimination of the US Information Agency
- the creation of the Department of Homeland Security
- reorganization of the Intelligence Community

The authors believe that these reorganizations could have been forestalled or improved by expert staff analysis. That would include the development of alternative arrangements that might have achieved the purposes of these reorganizations far more quickly and effectively and without the immense dislocations of many thousands of employees and dozens of agencies.

The paper recommends the creation by statute of a small, career-led “Office of Government Organization” in the Office of Management and Budget (or in any successor to which its management functions might be transferred.). This, the authors conclude, would help to meet the needs of a modern president to achieve optimal organization and reorganization of the Executive Branch.

# **The President Must Develop a Strong Capacity to Meet Executive Organization Requirements**

## **Purpose**

This paper is one in a series focusing upon the capacity of the President and his executive agencies to cope with the management challenges and opportunities of the 21<sup>st</sup> century. The paper addresses: 1) the capacity of the Executive Office of the President to advise how the Executive Branch can best be organized to fulfill its missions; 2) two cases initiated by a Vice President that the authors believe should have been forestalled or improved; 3) two cases where Congressionally-initiated reorganizations should, likewise, have been forestalled or improved; 4) the organization capacity that existed at earlier times; and 5) suggestions to help meet the needs of a modern president to achieve optimal organization of the Executive Branch.

## **Background**

In 1939, President Roosevelt organized the Executive Office of the President, ushering in the modern presidency. It provided the president with the staff required to help him carry out his executive role, a resource without which no president could function today.

An important element of that new capacity was the addition of staff to advise the president and agencies on the creation, reorganization, and coordination among, as well as dissolution of, departments, agencies, government corporations, and government-sponsored enterprises. Led by Academy Fellow Don Stone, this staff played a key role in helping President Roosevelt organize the World War II agencies that quickly mobilized the nation to successfully prosecute the war.

Since then, a series of presidents relied upon this expert staff in the Bureau of the Budget (BOB) and the early Office of Management and Budget (OMB) to provide organization expertise to help meet challenges faced by them and their cabinet members. For example, that staff assisted Eisenhower in creating a new inter-governmental structure for the interstate highway system; Johnson in organizing the Great Society programs to better address the problems of the disadvantaged in cities that were burning; and Nixon in establishing OMB and the Environmental Protection Agency (EPA), and his sweeping New Federalism during his first term to streamline our federal system of assistance to state and local government. This organization resource staff declined as a management arm after Nixon's first term and does not exist today.

## **Past Capacity to Advise on Government Organization**

The organization staff was housed in the Government Organization Branch (GOB) in BOB, where it was part of the Office of Executive Management (OEM) during the final days of

the BOB. The OEM Director (Ink, one of the authors) broadened the role of the organization branch in OMB until 1972, after which the GOB sharply declined and eventually disappeared.

When one of the authors (Jasper) was in GOB (Eisenhower to early-Nixon), there was generally a professional staff of nine. They were typically organized so that one or two staffers focused on an ongoing basis on specific Executive Branch areas: national security and foreign affairs; business, commerce, and transportation; natural resources; emergency and war-time organization; science, space, and technology; inter-agency coordinating arrangements; government-wide personnel management; advisory committees; and banking and finance.

The staff had the expertise, and sufficient access to the top presidential team,<sup>1</sup> including Special Assistants to the President in two Administrations: Joseph A. Califano, Jr., H. R. Haldeman, and John Ehrlichman. It provided options and proposed organizational arrangements best suited for carrying out presidential program initiatives and new legislation, as well as changes in how existing programs might be better organized. It was also equipped to analyze organizational proposals arising in the Executive or Legislative Branch. This staff could bring to bear on a moment's notice the organizational history of changes adopted and rejected – and why - and suggest innovative organizations to address new challenges.

This ranged from White House organization actions, such as cabinet councils and commissions; to departmental organization such as the Department of Transportation; to interagency coordination in Washington and the field; and to inter-governmental coordination. The GOB staff provided information, and sometimes staff support, for wide-ranging studies such as those of the Hoover Commission, and the 1964 White House Task Force on Government Reorganization. Each led to significant changes in Executive Branch organization. Another case was the White House Task Force on Organization on which one of the authors (Jasper) served as Executive Director.

GOB also drafted the presidential reorganization plans submitted to Congress for review, resulting in establishment of such agencies as EPA, OMB, and the Consumer Product Safety Commission. It also drafted, or assisted in drafting, Executive orders and BOB/OMB Circulars relating to organization issues.

Especially during 1968-1972, it provided leadership on behalf of the president in streamlining the structure of federal programs for assisting state and local governments, including the establishment of uniform federal regions, co-location of the regional headquarters cities, and organization of the regional councils throughout the country. Problems of diverse regional boundaries and headquarters for departments and agencies had been closely monitored by GOB staff for many years, and several pilot regional councils based upon the 1964 Alaskan Field Committee<sup>2</sup> helped to equip the branch in assisting the President to move quickly after his inauguration.

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<sup>1</sup> This access was obtained, among other means, through the OEM Director's participation in daily White House staff meetings when one of the authors (Ink) was the office director.

<sup>2</sup> See EOM issue paper: "Crisis Management," by Dwight Ink (July 2008).

The GOB did not develop these reorganization proposals in seclusion, as was done in creating the Department of Homeland Security (see below on pp. 14-17). It devoted much time and effort in working with stakeholders, in and out of government, who would be affected. First, these groups often had good suggestions for designing the changes to meet presidential objectives. Second, the stakeholder participation usually reduced the opposition. In fact, advance consultation with key Congressional committees often eliminated opposition to presidential reorganization plans. Third, participation gave stakeholders a sense of ownership in the final design; they thus were more likely to help the reorganization succeed. Employees tend to resist changes that they have not assisted in developing and about which they have not even been informed. On the other hand, a President and his staff want to limit the time devoted to consultation and negotiation, sometimes to the detriment of the proposals.

Working closely with the President's congressional staff, this branch represented the President in congressional negotiations and hearings related to reorganization issues. Much of GOB's work was to assist departments with internal organization issues, at times establishing short-term task forces to help department heads implement major new organization initiatives. Other activities were coordinating interagency efforts and strengthening agency management capacities needed to execute presidential initiatives and new legislation.

From 1968 to 1972, GOB members joined other management staff in tracking high-priority legislative and presidential initiatives to ensure timely implementation and break bottlenecks. As a result, the point at which the agency action person in the field had clear guidance on how to implement an order was typically reduced to only about two weeks, except in highly complex cases, compared with an average 18 months revealed in a 1969 pilot survey.<sup>3</sup> Some of this savings in time came from better, advance program-management planning as the presidential or legislative action drew near, but most came from better execution.

This BOB/OMB management staff believed that significant changes in one part of an agency could seldom be viewed in isolation. A change in allocation of headquarters functions, for example, might change field organization significantly. Both vertical and horizontal relationships had to be considered. This approach became more significant during the 1960s and 1970s as increasingly complex programs cut across agency lines, and government organization became more fragmented. The GOB staff, therefore, devoted considerable attention to arrangements for interagency and intergovernmental coordination and management, reaching peak level during Nixon's New Federalism. These coordinating groups began with the second-ranking officers in the Cabinet Departments (the Undersecretaries Group) and the chief management officers in the departments (the Executive Officers Group), and included functional groups as well.

During his aborted second term, President Nixon reversed course and dismantled most of the management capacity he had built upon entering office, transferring some staff to GSA

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<sup>3</sup> As a consequence of these processing delays, agency personnel in the field often moved ahead in the absence of clear instructions, at times failing to fully understand the President's intent. This left career people, both at agency headquarters and in the field, vulnerable to unwarranted criticism from political leaders that the career people were inept or were not fully supportive of the Administration.

and transferring most of the remaining positions to the budget examining divisions of OMB. Years later, as a consequence of the “OMB 2000” study of OMB organization and functions, the remaining general management staff<sup>4</sup> was dispersed to the newly-named Resource Management Offices with the objective of broadening their focus on budget issues to encompass significant attention to agency management.

The Chief Financial Officers Act of 1990 (CFO Act) created the position of Deputy Director for Management (DDM) in OMB. Further, it created a new Office of Federal Financial Management that is now one of four statutory offices, each headed by a presidential appointee (three subject to Senate confirmation). A fifth branch is not statutory. But the CFO Act nowhere mentioned government organization.

These five offices have specialized, government-wide management functions: financial management, procurement policy, information and regulatory affairs, E-Government and information technology, and performance and personnel management. None of them has any responsibility for Executive Branch-wide organization issues. Thus, the DDM was left with just one person to advise on government-wide organization and management issues that had once been the responsibility of the government organization and management improvement branches in BOB. These two branches then had a total of about 20 professional staff. Two other branches focusing on procurement and personnel management have essentially been reincarnated, one as a statutory office, and one as a branch established administratively in OMB.

The costly consequences of OMB’s lacking the organization expertise to assist President Bush in designing the Department of Homeland Security or the intelligence reorganization (discussed on pp 14-20) is in sharp contrast to an earlier success story in which the GOB contributed heavily. The strongest earthquake ever to strike North America devastated much of Alaska, destroying public facilities such as water and sewer systems and leaving thousands of families homeless. The mainstay of the Alaskan economy at that time, its fishing industry, was largely destroyed. The perennial problem of inflation threatened to skyrocket under the reconstruction pressures.

Because of the short construction season, the recovery was the most urgent in our history, and more federal agencies had to be coordinated than were used in Hurricane Katrina. Accordingly, the GOB recommended a lean, highly flexible organization to President Johnson that was remarkably successful. Without this innovative GOB organization proposal, a major part of the Alaskan population would have had to abandon the state. This GOB role is discussed further in another EOM paper on Crisis Management by Dwight Ink, especially in the section on the “Alaskan Approach.”

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<sup>4</sup> By general management staff, we mean those who worked on program management and government-wide and agency organization, as distinguished from specialized management functions (even if government-wide) such as procurement, financial, regulatory, information systems, and personnel management,

# Organization Capacity in Several Different Administrations

## *Nixon Administration Experience*

President Nixon was concerned about the overlapping and poor coordination among departments and agencies in the many government programs that had been established in the previous 25 years. Accordingly, he established the President's Advisory Council on Executive Organization ("Ash Council"). This council had its own staff, and its recommendations led Nixon to instruct the GOB staff in OEM to draft a presidential reorganization plan that would create a Domestic Policy Council and staff in the White House, and reorganize the BOB as the OMB in an effort to further increase the emphasis on effective management. Haldeman's deputy circulated a message that the OEM Director was in charge of the President's effort to secure Congressional approval. The Domestic Council portion was highly controversial, and involved the GOB in major separation of powers issues such as executive privilege and access of Congress to presidential assistants. The House Government Operations Committee voted against approving the plan, but OEM led a successful battle to overcome that setback, the only time an adverse vote from the Committee on a reorganization plan was ever overturned by the full House.

The GOB drafted a reorganization plan to implement another important Ash Council recommendation in which the president proposed to establish the Environmental Protection Agency. This was also very controversial, but it had a successful outcome. These examples of the earlier leadership role given the GOB required extensive discussions with stakeholders and negotiations with Congress. The Ash Council also led Nixon to propose the most comprehensive reorganization of our domestic departments and agencies in our nation's history.<sup>5</sup> The GOB translated those Ash Council recommendations into specific presidential proposals that it summarized in the 311-page "Green Book" that Nixon submitted to Congress in 1971, and revised in January 1972.<sup>6</sup>

The GOB met extensively with scores of different stakeholders affected by this massive reorganization proposal and, after Congressional hearings, the first of Nixon's department proposals, the Department of Community Development,<sup>7</sup> received a favorable vote by the House Government Operations Committee. Unfortunately, the President decided the Congressional route was too slow and, overruling the OMB management staff, after his re-election he attempted to achieve his objective by an ill-fated, double-layered cabinet (establishing "super-departments") that he believed he could accomplish without congressional action. This experiment failed. Unfortunately, the President had apparently lost confidence in GOB despite the good advice it had given on this issue and its many earlier accomplishments. It never recovered its close ties with the White House.

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<sup>5</sup> Nixon proposed combining seven departments and four agencies into four departments: Human Resources, Community Development, Economic Affairs, and Natural Resources.

<sup>6</sup> Papers Relating to *The President's Departmental Reorganization Program* (Ash Council) 1972.

<sup>7</sup> In addition to retaining the HUD functions, the proposed department would have included functions transferred from USDA, HEW, OEO, SBA, and DOT, all coordinated in the field by ten, line regional directors.

There were a number of other organization changes made under Nixon. These included creation of the Commodity Futures Trading Commission, the USPS,<sup>8</sup> the Consumer Products Safety Commission, ACTION, the Drug Enforcement Administration, and the Office of Telecommunications Policy. Nixon also established the Undersecretaries Group consisting of the second-ranking officer in each domestic department and major agency.

## ***Carter Administration Experience***

President Carter had inveighed against what he called the “horrible bureaucracy” and, in his campaign and even as President, he described an executive branch that, he said, had more than 1,000 agencies. (In reality, there were then, as now, about 75.) After he took office, he found that there was little executive organization expertise in OMB. Consequently, he launched an organization study under the then-Associate Director for Management with a large staff of temporary or borrowed personnel (few with expertise in executive branch organization).

The principal result of this *ad hoc* effort was the creation of the Education Department by removing education functions from the then-HEW, and the consequent renaming of that department as Health and Human Services. Since Carter had promised the teachers’ union during his campaign to do that, there is little additional organization analysis reflected in this costly, *ad hoc*, government-wide reorganization study effort that led to any other reorganization of consequence.<sup>9</sup> Had there still been a staff unit specializing in executive organization, it is likely that the reorganization effort could have started more quickly, would have needed far fewer detailed personnel, and would have produced more recommendations that might have been adopted.

## ***Reagan Administration Experience***

In 1983, Reagan established the President's Private Sector Survey on Cost Control (the Grace Commission). It was staffed by non-government people, although it tasked many government agencies with requests for data and other information. Its extensive reports covered a wide range of government programs, but paid little attention to issues of government organization.<sup>10</sup> Pursuant to his transition team’s recommendations, however, the anti-poverty agency, the independent Community Services Administration, was quickly abolished.

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<sup>8</sup> The USPS was based on recommendations of the Kappel Commission in which Academy Fellow Murray Comarow served as Executive Director. It succeeded because of a very effective bipartisan effort supported by former President Johnson and led by the co-chairs of the Republican and Democratic parties.

<sup>9</sup> Carter was successful in securing congressional approval of the comprehensive Civil Service Reform legislation. This was led by the Civil Service Commission, not the OMB management staff, although OMB support of the reform was very important.

<sup>10</sup> According to a later report by the then-General Accounting Office, the results of the Commission’s work were meager.

There were a number of useful policy coordination arrangements initiated for Reagan by now-Academy Fellows Edwin Meese and Ralph Bledsoe, both then in the White House Office, that received substantial support. Some efforts to give attention to intergovernmental coordination occurred, especially with respect to block grants, but the intergovernmental staff in OMB was not revived.<sup>11</sup> Considerable effort went into Reform-88, but that dealt primarily with financial issues, and gave little attention to organization.

## ***Clinton Administration Experience***

The Clinton Administration invested significant resources in its National Performance Review (NPR) under the Vice President, but its work was almost entirely divorced from OMB. Further, most of its borrowed agency staff was deliberately assigned to programs of other agencies with which they had little familiarity. This problem was made worse by instances in which the most experienced agency, career SES members were discouraged from talking with NPR team members who were reviewing their agencies' programs.<sup>12</sup> Thus, even though these NPR team members were able, career civil servants, they had little insight to bring to bear on their projects before investing a great deal of time.

Much of Clinton's first term was devoted to plans, rather than actions. Despite some promising elements in the initial NPR report, many others were ill-considered or poorly implemented in the view of the authors, and a number fell by the wayside. (Clearly, many of those initiating and participating in this effort thought otherwise.) Locating NPR leadership in the Vice President's office created confusion in the pursuit of its proposals, in part because this effort was conducted independently of those personnel in OMB and the agencies who had to undertake their implementation. Communication with field personnel was not effective. Had NPR staff been assigned to subjects with which the borrowed personnel were experienced, the results might have been better.<sup>13</sup> In short, there was poor exploitation of the career service resources.

In any event, this effort was not focused on reorganization proposals. The Vice President regarded "box shuffling" as making little difference in performance. He was more concerned with "fixing what's inside the boxes." However, there were several initiatives, including USAID and USIA (see pp. 12-14) that reportedly arose at least in part from NPR work and that were adopted. Several others were proposed but apparently received little

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<sup>11</sup> See EOM issue paper "The President's Intergovernmental Management Agenda," by Academy Fellow, Bruce McDowell (July 2008).

<sup>12</sup> There have been too many presidential transitions in which the incoming administration ignored the views of SES members or career leaders. Although these men and women are often suspected of having a bias from their agency work, they have valuable experience that should be drawn upon along with the views of those from outside the agency.

<sup>13</sup> The NPR leaders determined that those staff were not allowed to work on the teams studying their home agencies because of concerns that, either they'd be too protective, or that they might be subject to retaliation in their agencies if they were quite critical. .

consideration by the White House or Congress.<sup>14</sup> This was one of several administrations that did not seriously examine the benefits that would likely accrue from several reorganization proposals that had long been under consideration. (See footnote 34 on p. 22 for a summary of the need for a study of Executive Branch organization.)

Based upon their experience with organization studies conducted by in-house staff, the authors believe that the substantial *ad hoc* staffing of these activities under Presidents Reagan, Carter, and Clinton cost much more than would have been the cost of maintaining a small, expert OMB staff. Moreover, each effort entailed a significant learning curve for the participants, causing costly delays in completing studies and moving into action. Further, they left little behind in the way of expert resources or institutional memory from their accumulated expertise. This approach differs from the Kennedy, Johnson, and Nixon short-term task forces composed of the best talent the participating agencies had to offer;<sup>15</sup> supported by a small, expert GOB staff. Because they were short-term, generally with a specific end-date, with leadership of the affected agencies fully participating, they attracted the best-qualified people who were equipped to help implement recommendations after returning to their own agencies.

## Examples of Poorly-Conceived Reorganizations

We turn now to two examples of questionable reorganizations that were initiated by Vice President Gore, and two others initiated in Congress. All four have had serious ill effects, that the authors believe could have been prevented or mitigated had expert, professional analysis been provided to the White House and Congress. The administrations then in office had no expert staff to offer analytical advice and constructive alternatives. The results described below (in chronological order) speak for themselves.

### ***United States Agency for International Development (USAID) and United States Information Agency (USIA)***

#### Origin of reorganizations

These reorganizations were largely the result of Vice President Gore's National Performance Review (see p. 11). They were strongly supported by Senator Helms, who had long opposed our foreign assistance programs. Neither the Executive nor the Legislative Branch proffered any analysis showing whether the government's foreign assistance or foreign relations objectives might be helped or hindered by such changes. Without legislation, USAID program coordination was transferred to the Department of State, beginning in 1997; and USIA was terminated in 1999.

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<sup>14</sup> Examples are removing air traffic control from FAA and vesting it in a new government corporation, consolidating border control agencies, and merging the Railroad Retirement Board into the Social Security Administration.

<sup>15</sup> In cases where the task forces were composed largely of non-federal personnel, they were highly knowledgeable in the field and worked very closely with the affected agencies.

Through the latter part of the Reagan Administration, USIA had played an active role in public diplomacy and its access to the President allowed the agency to become a major voice in supporting the Administration's international goals and objectives. In subsequent years, its budget, staff, and influence all declined substantially. As described below, USAID's role had also diminished significantly.

### Problems Foreseen

During the prior Bush Administration, weakened USAID leadership led to a reduction in the agency's role, despite considerable concerns expressed by knowledgeable people including a co-author (Ink) who had served as an Assistant Administrator in AID, and several other Academy Fellows. The coordination of foreign assistance programs was shifted to the State Department to help the Eastern and Central European countries make the transition from Communism to democratic institutions with market economies. As predicted, reaching this goal was handicapped by centralized Washington management through which operating decisions were then made, long-range, by people in the State Department with extremely limited knowledge of how assistance programs are developed and managed. State Department personnel had a good understanding of how these programs affected the political and business leaders, but much less grasp of their impact on those parts of society that contribute most to economic and political instability. The system was also costly and lost capability to adapt to rapidly-changing overseas conditions, and contract processes became costly and prolonged.

Effectively burying USAID in the Department of State during the Clinton years accentuated these problems, even though the agency enjoyed a very capable leader in now-Academy Fellow, Mr. Brian Atwood. Direction of economic assistance was shifted from USAID personnel with long experience in managing these complex programs to State Department personnel who are trained in the field of diplomacy, not management. In fact, State is one of the departments least qualified to handle the complex management issues, including contacting for services<sup>16</sup> that confront foreign assistance. It should come as no surprise to see recent failures in contract management, ranging from U.S. embassy construction in Iraq to Iraq reconstruction.

Another problem stemming from these reorganizations is illustrated by difficulties overseas in the current battle against terrorism. Over the past several years, there has been an enormous amount of criticism of our "nation building" effort in Iraq and Afghanistan, especially our woeful public diplomacy that has weakened our drive for public support of our policies. We have exhibited an abysmal lack of understanding of local cultures that are different from ours, severely handicapping the ability to meet our objectives. Yet, ten years earlier, we markedly reduced our capacity in these fields by submerging USAID in State and eliminating USIA. State works primarily with the public and private sector leaders overseas, whereas USIA and USAID had traditional ties with the groups that are the seedbeds of economic protests and political instability, including terrorism.

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<sup>16</sup> USAID has not been a paragon of effective contract administration but it shines in comparison with the State Department.

In the case of USIA's demise, we read in the daily press how US influence and respect has declined around the world. Recent efforts by the State Department to begin a new era of public diplomacy have yielded little benefit, in part because of its inability to reach the seedbeds of terrorism. The authors agree that the principal cause of our decline has been unpopular US actions. But a vibrant USIA with missions in many countries might have made it possible to provide more persuasive explanations of US policies directly to the media and to the poorer elements of the citizenry in the countries where USIA's field service operated. Also, a stronger USAID was better equipped to build upon the information generated by the work of the Peace Corps.

#### Actions that might have led to a reconsideration of these proposals

Had there still been an organization capacity in OMB, the negative consequences of these reorganizations would likely have been exposed. There is no assurance that any concerns expressed by career staff in OMB would have prevailed with the Vice President or the President, and certainly not with Senator Helms. But, if clearly presented, these proposals might have been slowed for a more careful review, or even killed. Especially important, the existence of organization capacity might well have resulted in a better reorganization. An essential part of effectively opposing shaky proposals is to have a credible alternative which would achieve the ends desired by the President or cabinet members.

### ***Department of Homeland Security (DHS)***

#### Origin of reorganization

The controversial creation of DHS by the Homeland Security Act, signed on November 25, 2002, stemmed from two events. First was the January 2001 report by a non-government commission chaired by two former Senators, Gary Hart and Warren Rudman. The report languished until the second event on Sept. 11, 2001 (9/11) with the attacks on major U.S. buildings by hijacked airplanes. That led Senators Collins and Lieberman (then-Chair and Ranking Minority member of the Senate Committee on Governmental Affairs) to introduce legislation promptly to create the DHS as proposed by the Hart-Rudman Commission.

The absence of an OMB Government Organization Branch severely handicapped the President and Congress in: a) analyzing the need for a new department, including evaluation of alternative methods to achieve the intended results of the proposal, b) designing such a department if a need were established, and c) helping an incoming department head to make the new department operational. Little consideration was given to the value of the White House Homeland Security Council headed by former Pennsylvania Governor Ridge, the same person who became the first Secretary of Homeland Security. Little attention was given to emergency and recovery response organizational arrangements that had successfully handled major disasters in earlier years.

Although the White House Council was not staffed to be an action organization, some of us thought that a temporary staff assigned to the Council in time of crisis could more quickly

organize a government-wide response to a disaster. President Johnson did just that after the Alaskan earthquake, an arrangement that enabled the government, with no advance notice, to have a Washington and field capability in full operation within two weeks. This was a small fraction of the time it took DHS to organize a far-less comprehensive and notably less-effective recovery after Hurricane Katrina.<sup>17</sup>

The Administration initially urged, as did a number of Academy Fellows, that the bill was unnecessary and premature. Others regarded some legislation as needed, but supported a far simpler approach with great flexibility. However, recognizing the pressure for action from many quarters in the public, media, and Congress, the Administration relented, and convened a group of five persons who very quickly drafted a bill in great secrecy, which was then proposed to Congress. Though the subject of extensive hearings and deliberations that included significant attention to such management issues as personnel administration, we think there was far too little consideration of the risk that a complex structure would impair the government's ability to respond to emergencies, rather than enhance it. Experience with Hurricane Katrina is relevant to this observation and is discussed further below.

### Problems foreseen

Among the most important DHS functions is its coordinating responsibility. This concerns agencies outside DHS, e.g., DOD, FBI, CIA, State Dept., etc., as well as those in the department. The number of employees transferred to DHS was estimated to be 170,000 from 22 agencies<sup>18</sup> - an unprecedented number for a domestic department. It had grown to 208,000 employees by April 17, 2008, according to a web posting by the Deputy Under Secretary for Management. This critical coordinating function was viewed by some as likely to be performed better by a special staff or office focused entirely on coordination without, itself, being a major actor or competitor for funds.

Two agencies, Coast Guard and Secret Service, were protected in the departmental legislation from changes by the DHS Secretary in their structure or duties. The Coast Guard has been singled out for good performance during Katrina, but the Federal Emergency Management Agency (FEMA) was submerged in DHS, had its funding reduced, lost some of its functions, and was saddled with a political layer between it and the President. Another target of critics was the appointment of an unqualified political head of the agency. It was further weakened by the fact that the department's overriding priority was terrorist threats, to the detriment of its ability to cope with natural disasters.

The department had too many disparate agencies lumped together (some with significant duties unrelated to homeland security) on far too short a time table to become operationally effective. GAO has reported that a successful transformation of such a large reorganization

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<sup>17</sup> See Chapter 7, *Managing Change That Makes a Difference* by one of the authors (Ink) in the Academy's book, *Meeting the Challenge of 9/11*, edited by Thomas H. Stanton, 2006, M.E. Sharpe.

<sup>18</sup> The 170,000 workers transferred to DHS came from eight departments: Agriculture, Commerce, Defense, HHS, Justice, Transportation, and Treasury, and two independent agencies: FEMA and GSA. They included Customs, Immigration, Border Control, Coast Guard, and Secret Service,

can take five to seven years to accomplish.<sup>19</sup> Failure was predicted by a number of observers, including two Academy Fellows, as described in the following paragraph.

As with the intelligence reorganization (discussed below), DHS was designed in haste by people who knew little about the creation of an executive department; especially one amalgamating 22 agencies. Anyone with experience in government organization would have counseled against such a complex arrangement since the national security was thought to require a rapid transition to the new structure. Such counsel against moving too far too fast was offered to the Senate Committee on Governmental Affairs by Academy Fellow Thomas Stanton as an invited witness before the bills finally acted upon had been introduced. And one of this paper's authors (Jasper, a GOB alumnus) submitted an OpEd piece to the *Washington Post* (not published), pointing out the major deficiencies in the DHS proposal:

- It would take two to four years or more for such a new department to assimilate and organize its disparate components and inter-agency relationships.
- It would likely cause more coordination problems than those it is intended to alleviate and could actually exacerbate our risks.
- Such a broad-scale reorganization should be preceded by a strategic plan for dealing with the threat and a clear explanation of why the reorganization is needed, how it will be made to work, and how it will relate to the rest of the government.
- Requiring the new department to receive and synthesize information, assessments and analyses from all other relevant agencies would create a stultifying layer on top of five or more agencies.

Despite the urgent and fundamental need for effective interagency and intergovernmental coordination to cope with disasters, it defies our belief that little attention in designing the department was given to prior coordinating experiences in coping with major disasters. There was not a single person in OMB or DHS with the expertise to help the new Undersecretary for Management organize her office.<sup>20</sup> It comes as no surprise, then, that its potential has never been realized, contributing to DHS failures in response to and recovering from Katrina. Had informed advisers been utilized, the first incumbent might have been counseled on how to formulate her mission and get it embedded in the new department's structure as it was taking form. Absent that, the position became a nullity, soon became a target for elimination by some Members of Congress, and never achieved the important role in managing the department that was foreseen by those who placed the position in the legislation.

### Consequences of the reorganization

The nation perceived that FEMA, once an admired and effective emergency agency, was a colossal failure during Katrina. Most of those critiquing FEMA's failure pointed to its drastic weakening by DHS. Ironically, several weeks before Katrina hit the Gulf Coast, Secretary

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<sup>19</sup> A September 18, 2007 GAO report (GAO-07-1240T) stated that "Our prior work on mergers and acquisitions has found that successful transformations of large organizations, even those faced with less strenuous reorganizations than DHS, can take at least 5 to 7 years to achieve."

<sup>20</sup> The one knowledgeable OMB person, Academy Fellow Jonathan Breul, had left OMB by the time DHS was established.

Chertoff announced yet another dispersal of FEMA functions, staff and funds to other parts of DHS.<sup>21</sup> One would have thought that FEMA's obvious weakness would have caused him to reconsider, but evidently his fixation on terrorist threats caused him to proceed. This clearly contributed to FEMA's failure. Two years later, some belated efforts to coordinate the disaster recovery work have occurred, but the long delays have been very costly.

The newspapers continue to report almost daily on the slow pace of integrating the several components of the agency charged with immigration, border security, etc. And Congress has expressed concern about unexpected departmental delays in proceeding with construction of the double fence on the southwestern states bordering Mexico that it has mandated and funded.

We do not have an Administration official on record expressing concerns about the creation of DHS. But the evidence is quite clear from GAO reports<sup>22</sup> and Congressional hearings, that the department was designed in haste, with a far-too-early date for implementation, is top-heavy, that roles and relationships are still being sorted out and contested, and that submerging a once-effective agency like FEMA in a department with an overriding and somewhat inconsistent mission contributed to the loss of lives from Hurricane Katrina. A number of Members of Congress have determined that Congress erred in the creation of DHS. For example, Rep. Jane Harman (D - CA), Chair of a Subcommittee of the House Committee on Homeland Security, said that "We made mistakes. I think we were too ambitious...."<sup>23</sup>:

On Sept.12 2007, the spokesman for the International Association of Emergency Managers warned a House committee hearing about a "major disconnect" between recent legislation that made the FEMA Director the president's principal disaster-management adviser and a new plan announced by the DHS Secretary. That plan placed the Secretary in charge of managing domestic incidents, thus continuing his previous role in disregard of the authority vested in FEMA by legislation to direct emergency responses to disasters. Another paper by co -author Dwight Ink, entitled "Crisis Management," also addresses DHS issues.

#### Actions that might have made Homeland Security reorganization more effective

Creating DHS needed a lot earlier and more knowledgeable attention. Such analyses, including alternative structures to consider, were once provided routinely and on very short notice by expert GOB staff. Equipped with such analyses, the President might have chosen a much different, and probably far more streamlined, proposed department, or perhaps an alternative course of action. Of course, if necessary he could have confidently vetoed a measure that he deemed unworkable.

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<sup>21</sup> On 7/13/05 Secretary Chertoff released his second stage review, or 2SR, planned for implementation on 10/1/05. It included one change "...to dismantle...FEMA...that would remain within DHS but become a smaller entity...."

<sup>22</sup> GAO 07-454, September 6, 2007, stated that GAO had designated the implementation and transformation of DHS as high-risk because it represented an enormous undertaking that would require time to achieve in an effective and efficient manner ...[and] that DHS had not yet developed a comprehensive management integration strategy and its management systems and functions--especially related to acquisition, financial, human capital, and information management--were not yet fully integrated and wholly operational

<sup>23</sup> Federal News Radio, 4/17/06

## ***Intelligence Reorganization***

### Origin of reorganization

A 10-member statutory commission was created in late-2002 to analyze the government's failure to anticipate or prevent the September 11, 2001 (9/11) attacks on prominent buildings in the U.S. by four hijacked airliners. The members included former governors, former Members of Congress, and former Executive Branch officers. The Administration initially objected to such a commission. When its report in July 2004 recommended a new intelligence structure, the Administration also objected to unnecessary and hasty action on the complicated intelligence reorganization that was proposed.

It became evident, however, that the Congress was on a fast pace toward passing legislation in response to public demands to "do something." The Administration changed course and supported a sweeping reorganization of the Intelligence Community. Legislation was then enacted in an outstandingly-short period of review and action by the Executive Branch and Congress – less than six months for analysis, drafting, hearings, and deliberations.<sup>24</sup>

### Problems Foreseen

Informed observers, some in the Academy and the press, noted that adding layers to governmental operations has usually done more harm than good. Further, little consideration was given to:

- the existence of a Terrorist Threat Integration Center (TTIC) that had been established by Executive Order 13354 on May 1, 2003 (and, thus, subject to changes in its mission or authority at the Administration's discretion as circumstances changed);
- the existing authority of the Director of Central Intelligence (DCI) who already had coordinating authority and responsibility for the entire intelligence community; this could have readily been expanded once more by presidential action, and
- experience that had shown that such a major reorganization would take several years before it could operate effectively. In the meantime, risks would be increased rather than decreased.

If the Congress thought that the DCI's authority was too weak, we believe they were mistaken. President Carter expanded the statutory authority of the DCI by a directive that gave him final authority on proposing budgets for all intelligence agencies.<sup>25</sup> According to press accounts, this authority was found by then-DCI Admiral Stansfield Turner to be entirely adequate. President Reagan revoked that authority and apparently this history was not called to the attention of the White House or of Congressional committees in time to influence events.

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<sup>24</sup> Intelligence Reform and Terrorist Prevention Act of 2004, signed on December 17, 2004

<sup>25</sup> Presidential Directive/NSC-17, August 4, 1977, specified that the DCI would have "full and exclusive authority for approval of the National Foreign Intelligence Program (NFIP) budget prior to its presentation to the President ..."

This is not Monday morning quarterbacking. On September 10, 2004, seven Academy Fellows, including the authors, wrote to five Congressional committees pointing out the risks of a hasty and risky shake up of relationships that had taken years to develop and which had not been found to be responsible for the so-called intelligence failures.<sup>26</sup> The letter noted that:

- Reorganizations are sometimes needed and of immense value; however, the batting average is not high. Most major reorganizations exchange one set of problems for another.
- Some of the recommendations are not well supported by the problem assessment, and conflict with sound management principles.
- Their adoption could produce unintended dysfunctions as serious as or more serious than are now found in the existing arrangements.

### Consequences of the reorganization

Instead of determining how to make the DCI position more effective, the legislation created a new player, the DNI, who would have to take many months to organize and staff his functions, and several years to develop satisfactory working relations and understandings with the agencies that he was to coordinate. It also gave statutory status to the already-existing TTIC and re-named it the National Counterterrorism Center (NCTC.). As a result, while the DNI was “still trying to find the men’s room,” the Secretary of Defense was enlarging his intelligence staffs and was seeking to preserve his agency’s autonomy in intelligence matters.<sup>27</sup> This was a classic case of failing to ascertain how much of the problem was structural and how much flowed from poor leadership and management. The symptoms were ignored, and we rushed for a cure before we knew what caused the illness. In fact, it appears to us that the failures were probably to be found in the White House and National Security Council, rather than in the legal authorities of the DCI.

Ironically, in an attempt to correct our failure to “connect the [intelligence] dots,” we created two more dots, *viz.*, the Executive Level I, Director of National Intelligence (DNI) and the statutory NCTC, together with a staff of about 1,500 personnel.<sup>28</sup>

Some of these criticisms are underlined in a statement made by the first Director of National Intelligence, John Negroponte. In a farewell address wrapping up his tenure as the first DNI, he conceded that the "complex and demanding" process of restructuring the U.S.

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<sup>26</sup> One of those identical letters is included as Appendix A.

<sup>27</sup> As reported in the NYT article cited in footnote 29, below, “Officials said that some of the problems had been created by the often tense working relationship between John D. Negroponte ... and former Defense Secretary Donald H. Rumsfeld, who long resisted ceding the Pentagon’s control over a large part of the intelligence budget to the new spy czar.

<sup>28</sup> The DNI website gives “approximately 1,500” as the number of employees. A New York Times article on April 7, 2007 quoted Amy Zegart, an intelligence expert and an associate professor at UCLA: “... the office of the director of national intelligence, originally intended to be a lean organization that could ride herd over an often dysfunctional intelligence community, had ballooned into an apparatus of more than 1,500 people that had merely added another layer to an unwieldy bureaucracy.” (Emphasis added.)

intelligence community is still "a work in progress" after 22 months of effort.<sup>29</sup> That, of course, does not mean that he thought it was a bad idea. But it supports the contention of Academy Fellows and the GAO that reorganizations of that scope take several years before all the pieces come together. And we have noted that risks may be enhanced, rather than diminished during such a shake-down period

### Actions that might have made an intelligence reorganization more effective

Even if there had still been a Government Organization Branch in OMB we can not know if its analyses and recommendations would have been accepted by the White House or Congress. But, if the White House had confidence in OMB's analysis, it is at least possible that the President would have acted differently. He might have slowed the process to enable more analysis, and concluded that legislation was not needed or that less drastic provisions would be preferable.

## Conclusions

This paper focuses on the loss of organization expertise, and concludes that the case for establishing a new Office of Government Organization is compelling.<sup>30</sup> We believe the foregoing review of the consequences of the lost capacity for dealing with executive organization issues makes it clear that there is a need to restore some reasonable capacity in that area, a step that would pay for itself, both in results and expenditures.

The wasted costs of the major reorganizations discussed above dwarf what would have been the modest cost of a small, expert staff in a new version of the old GOB. The intelligence reorganization, for example, resulted in a huge organization with a staff (including the NCTC) of about 1,500 personnel, mostly competing with if not duplicating existing capacity in the old intelligence community.<sup>31</sup>

Short of establishing or eliminating departments and agencies, the President's ability to influence legislation involving Executive Branch organization changes is usually greater than with general legislation, especially if he/she works closely with Congress, since he is normally accorded greater deference on questions of how best to organize the Executive Branch. A President has many ways to change the legislative process through consultation and a

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<sup>29</sup> *The Washington Post*, Jan 20, 2007, p. A8. See also footnote 19 on p. 16 *re* DHS which states that GAO has found that "...successful transformations of large organizations ... can take at least 5 to 7 years to achieve." It seems clear that this applies as well to the intelligence reorganization.

<sup>30</sup> A strong case can also be made for including program management, management improvement, and inter-governmental coordination in such a new office. As expanded from the organization function, it might be called the Office of Executive Management. That idea is developed further by Academy Fellow and co-author of this paper, Dwight Ink, in EOM issue paper "A Modernized Office of Executive Management: An Option for Making the 'M' in OMB a Reality."

<sup>31</sup> The staff of the Director of Central Intelligence (the staff supporting the CIA Director's additional responsibilities for coordinating the entire intelligence community) was transferred to the DNI. It is not clear how much of a net reduction in CIA staff this resulted in, but that former DCI staff is a relatively small part of the total DNI complement. Also to be considered is that the 9/11 Commission identified poor coordination rather than insufficient staff as the problem needing to be fixed

willingness to compromise on a few issues that do not undermine the objectives of the change. When that fails, there is the threat of a veto and, if necessary, the exercise of that power. Relatively few bills are actually vetoed in most administrations (Nixon's and Ford's were exceptions) and only a small fraction of vetoes are typically passed over the President's veto. The Congress understands that very well.

In this light, with skilled assistance, the President should have excellent chances for success, either with his own organization proposals or with those originating with allies in the Congress. That would require, however, that he be equipped to present well-documented and credible cases for those proposals. Developing that kind of case, combined with skills in working with Congress, would be the stock in trade of a new Office of Government Organization, staffed with well-trained professionals who would remain long enough to develop and share the invaluable commodity called "institutional memory."

There can be no guarantees that such skilled assistance will always prevent unwise reorganizations. But the track record of those who served in the previous GOB strongly suggests that it would make a difference. Examples of previous successful reorganizations proposed by GOB staff are cited in earlier sections of this paper. We note, for example, that creation of the Department of Transportation was the result of many years of analysis and preparation by the former GOB. Furthermore, there were timely objections raised by its alumni to some of the reorganizations that this paper assesses as mistaken, such as the intelligence reorganization that is the subject of a letter to congressional committees included as Appendix A. We believe that these examples provide a sound basis for optimism as to what a newly-created government organization staff could accomplish.

## ***Reconstituted Office of Government Organization***

What would a new Office of Government Organization look like? What would it do? And where would it be located? These answers would vary somewhat from time to time as the Office would need to be designed and equipped to address ever-changing challenges. Given the constraints on staffing in OMB as in other agencies, and the need to build capacity slowly, at the present time one could make a creditable beginning with a small staff, perhaps five or six professionals.<sup>32</sup> The size would depend in part on the extent to which it was intended to restore the organization assistance to departments available only through specialized expertise few department heads have on their staffs.

Since there is a heavy premium on institutional memory and continuity, the head of this new unit, wherever located, should be a career civil servant, with the president approving the appointment as has been done with some of the career assistant secretaries for administration in the past. That person should have had experience in leading major operations in more than one agency.

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<sup>32</sup> As noted on p.6, the Government Organization Branch in the Eisenhower Administration performed a range of functions from which the outline on the next page is derived. It had only nine professionals. Clearly, it would take a while for such a reconstituted staff to be recruited and trained, and to establish a track record that would justify additional staff should that prove to be desirable and feasible.

We believe that the reconstituted Office of Government Organization should be a statutory office, paralleling the four existing, statutory management offices in OMB. Its importance is at least equal to that of those four specialized management offices and the experience with prior administrations that allowed the previous GOB to disappear argues for imbedding it in statute. Further, if it lacks a statutory base, it would have difficulty competing with the statutory offices in advancing proposals or securing funds. Our Recommendation on p. 23, therefore, proposes creation of this office by statute and that it be headed by a career civil servant, whose appointment would be approved by the President.

The nine subject matter areas mentioned on p. 6 could be up-dated and divided among this new staff. This new office would:

- propose effective organization arrangements within the Executive Branch for implementing major presidential and Congressional initiatives, many of which cut across agency jurisdictions,
- draft Executive orders and OMB Circulars related to organization,
- assist department and agency heads in developing and maintaining their capacity to handle organization issues within their organizations,<sup>33</sup>
- monitor legislative initiatives in Congress and give early warning to Administration officials of any troublesome or otherwise significant organization proposals,
- participate in the review of organization legislation proposed by the Executive Branch through the legislative clearance process,
- prepare analyses of the need for proposed reorganizations arising in either the Executive or Legislative Branch, together with the history of similar proposed structures, including proposed new departments or agencies and dissolution or combination of existing ones,
- draft Administration reports or testimony on proposed legislation and testify at Congressional hearings with respect to organization issues,
- provide leadership in establishing arrangements for inter-agency and inter-governmental coordination,
- propose reorganizations designed to simplify structures, minimize duplication, and enhance program effectiveness, and
- if requested, develop a government-wide reorganization proposal or provide support to any group commissioned to make such a study. (The need for such a study is briefly outlined in the footnote).<sup>34</sup>

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<sup>33</sup> Based upon prior experience with this function, the staff would be advisory to agencies with respect to internal organization. But, through the legislative clearance process or similar means for decision-making in future administrations, it would have a more influential role with regard to any organizational arrangements established by statute.

<sup>34</sup> Reasons that such a study ought to be carried out:

No comprehensive study of the structure of the Federal Executive Branch has taken place since an in-house review during the Carter Administration. The Departments of Energy, Education, Veterans Affairs, and Homeland Security were all established since the November 1970 report of the Ash Council. It is timely to review implementation of the statutory policy (5 USC 901) to “consolidate functions...according to major purpose... [and] to reduce the number of agencies....” in the light of developments since its enactment, such as the creation or reorganization of many agencies not consistent with it.

## ***Location of the Office of Government Organization (OGO)***

A new OGO should be in the same organization in which the existing, statutory government-wide management functions are located. It should be statutorily placed in any of the three structural options considered during this Executive Organization and Management Standing Panel's review: 1) a new Office of Federal Management (OFM),<sup>35</sup> 2) a new version of an OEM within OMB,<sup>36</sup> or 3) within the existing OMB without a major structural change except for this new office. These options are discussed in by Academy Fellow Charles Bingman in another paper in this series on Organizational Options.

## **Recommendation**

A reconstituted Office of Government Organization, parallel to OMB's four statutory management offices, and performing the functions suggested under the foregoing Conclusions, should be established by statute within the Executive Office of the President, with a director required to be a career civil servant whose appointment is concurred in by the President.

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<sup>35</sup> See EOM issue paper, "The President Needs Help: A Proposed Office of Federal Management," by Academy Fellow Ronald Moe.

<sup>36</sup> See footnote 30.

## About the Co-Authors

**Dwight A. Ink** served in policy positions under seven presidents. His responsibilities covered a variety of functions in both national security and domestic areas, as well as heading economic and technical assistance for Latin America and the Caribbean. He headed two independent agencies, was vice-president of two government corporations, and headed several presidential task forces. He was assistant director of BOB and OMB for management where he was responsible for presidential organization initiatives, including plans for establishing OMB and EPA. He designed much of President Nixon's New Federalism and President Carter's Civil Service Reform.

**Herbert N. Jasper**, a Senior Fellow of the Academy, was project director for the Academy's 2000-2001 Presidential Transition Project. He was the Assistant Chief of the former Bureau of the Budget's Government Organization Branch and worked on both Executive Branch and Congressional organization matters while employed in the U.S. Senate. He played a key role in formulating the Congressional Budget Act of 1974. He has an A.B. in Political Science from the University of Pennsylvania and a Master's degree in Public Administration from Wayne State University.

## Appendix A



The Honorable Peter Hoekstra, Chair  
House Intelligence Committee  
H-405 U.S. Capitol Building  
Washington, DC 20515  
FAX: (202) 225-1991

September 10, 2004

Dear Mr. Chairman:

This letter concerning the 9/11 Commission Report represents the views of a Working Group from the Panel on Executive Organization and Management of the National Academy of Public Administration (Academy).<sup>37</sup> The Academy was chartered by Congress in 1984 to provide independent, nonpartisan advice to leaders on issues of governance and public management.

Our comments relate to significant management issues arising from the Commission Report. They are based on extensive experience while serving in senior positions in the Office of Management and Budget, presidential commissions, and agency leadership roles. Especially relevant have been the leadership positions several held in dealing with complex interagency and intergovernmental problems. Brief background statements for the Working Group members are attached.

We join in commending the Commission's review of our intelligence systems. It has stimulated a constructive discussion of steps designed to decrease our vulnerability to future large-scale terrorist attacks. The bipartisan character of the report is especially commendable. It enhances the report's credibility and the likelihood that it will lead to action.

The Working Group agrees with several of the Commission's recommendations, and supports moving quickly to implement them. It is our view, however, that some of its principal structural recommendations are not well supported by the problem assessment, and conflict with proven principles of sound management. We believe their adoption could produce unintended dysfunctions as serious, if not more so, than are now found in the

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<sup>37</sup> The views of the Working Group do not necessarily represent those of the Academy's 550 Fellows and Senior Fellows or those of NAPA as an institution.

existing arrangements. The Working Group urges that these be examined carefully before they are acted upon.

In summary, our key concerns relate to the need to:

- Understand the extent to which the underlying problems may have been managerial as much as structural, or even more so.
- Assure that the National Intelligence Director position, if established, is structured and located to minimize partisan political pressures and provide adequate public accountability.
- Move quickly to enhance the government's capacity to effectively plan and execute large-scale reorganizations in ways that minimize disruption of operations.

A discussion of these concerns, together with several recommendations supported by the Working Group, follows:

### **Over-reliance on Reorganization**

A word of caution about over-reliance on reorganizations: Some are needed and of immense value as illustrated by the formation of the Department of Defense and the establishment of the National Security Council. However, the batting average is not high with respect to most major reorganizations. They generally exchange one set of problems for another, often without sufficient analysis of how the reorganized agency(s) would operate or whether the new problems would be less serious than the old ones. Reorganizations often generate unintended consequences with which the agencies are not prepared to cope. They must be designed with care by individuals experienced in the complexities of the entities involved as well as the principles of organization.

There is another concern. For many years, there has been a tendency to view reorganization as the solution to governmental shortcomings without analyzing the extent to which operating systems, personnel, resource levels, or external factors may have been at fault. One can reorganize from top to bottom, and accomplish nothing if other factors are at the root of failure. Similarly, structural reform will not offset resistance or weak support from the White House, Congress or interest groups.

We do not know the full extent to which the 9/11 problems were managerial, structural or a combination of the two. The 9/11 Commission may not have had the time or staff to permit the in-depth analysis required. Anecdotal information about 9/11 failures is useful, but not sufficient to guide the Congress and the White House in determining the extent to which existing problems could be alleviated through better management systems and stronger leadership at various levels, thereby requiring different or less restructuring. The Working Group believes that such analyses are crucial and should be made on an expedited basis. To first undertake major restructuring, and then determine the degree to which outdated or limited systems and poor management may have contributed even more heavily to the problems, could well be counter-productive.

## **Impact of Reorganization on Operations**

Most of the major proposals to reorganize the complex intelligence activities would be disruptive and, for a period of time, reduce the effectiveness of gathering and analyzing intelligence. Initially, the informal or "invisible network" on which enterprises often depend, would be strained or even broken by reorganization before new ones were established. The new arrangements called for by the Commission's recommendations would take several years to operate smoothly. Terrorists might believe that these conditions offer a favorable strike window.

We do not argue that all reorganizations should be suspended during crises. That is when they may be most needed, as we found during World War II and in the Cold War race to build deliverable atomic and hydrogen bombs. We do observe that the amount of disruption major reorganizations generate is always underestimated, the amount of time for the new organization to function smoothly is likewise underestimated, and the need to draw upon qualified people with reorganization experience tends to be ignored. With the government having lost the reorganization expertise that once resided in OMB, there is even greater risk now in moving hastily with drastic restructuring. The Working Group urges the Administration to restore and enhance the capacity of the Executive Office of the President to plan and execute large scale reorganizations effectively.

## **National Intelligence Director**

The proposal for a National Intelligence Director (NID) raises a common dilemma: how much to centralize functions that involve a number of organizations. Often, there is no easy answer.

Underlying the 9/11 Commission recommendation is an assumption that centralizing a number of related functions under one executive will promote efficiency and performance. This has conceptual appeal, but is not necessarily true. Structural arrangements by themselves cannot reconcile all interests or resolve all conflicts, even though they strive to organize according to purpose and establish centers of accountability. In assuring that the new structure provides accountability with respect to intelligence, it must not undermine the accountability of the CIA, Defense, Homeland Security, FBI, and Justice in carrying out their vital missions. This could create a more serious problem than the one we try to solve.

There also should be assurance that the functions to be grouped under one head not only belong together, but that, collectively, they can be managed effectively. A director with wide ranging authority will need a number of highly competent managers and experts in many fields. To what extent will this director be able to meet his need for such managers and experts by taking them from the CIA, FBI, and Defense Department? Conversely, if that is done, to what extent, and how quickly, can those organizations find qualified replacements and integrate them into their organizations?

We agree with those who say that without budget and personnel "teeth", this office would create a new and weak level of bureaucracy, likely to delay assessments reaching the policy makers. Adding this level also increases the danger of reducing the accuracy of information as it filters through yet another layer of people further removed from information sources.

But with teeth, including the proposed three-deputy arrangement, we believe the proposed reorganization would compromise the accountability of officials in four key agencies, and probably lead to bureaucratic tensions and disputes.

Multiple-deputy structures are not desirable, *per se*, as illustrated by the initial efforts to unify the armed services by establishing the National Military Establishment with three deputies. Rarely is one among several deputies sufficiently informed or fully equipped to take over leadership of an organization in the leader's absence or incapacity. Yet, the critical nature of intelligence when this nation is under threat of attack cannot tolerate uncertain lines of authority and responsibility for intelligence. In addition, multiple deputies seldom help unify organizations. For effective performance and accountability of the NID and the agencies involved, the Working Group urges an approach that does not involve multiple deputies, especially those placed in other departments. Such an arrangement would invite confusion, disputes and lack of accountability.

The Commission has recommended locating the NID in the Executive Office of the President (EOP), but its proposal has been widely described as locating this position in the White House. Clarification is needed. The Executive Office includes two very different types of presidential staff. One is the president's personal staff, such as the White House Office, including the Chief of Staff, the National Security Adviser, and other presidential assistants. The rest of the Executive Office constitutes the other type, which is the institutional staff of the presidency, e.g., the Office of Management and Budget, the National Security Council, and the Council of Economic Advisers, among others.

The NID, if there is to be one, should not be part of the president's personal White House staff. White House offices do not have their functions specified in statute, only rarely testify before congressional committees, and are staffed entirely by men and women who serve only at the president's pleasure. The distinction between "White House" and "Executive Office" units is important.

Further, the Working Group believes that the intelligence leadership should not be located in the Executive Office of the President. Unlike other EOP agencies, a new NID would have a substantial operational role. Although both the Office of Management and Budget and the National Security Council (NSC) are located in the EOP, neither are operational even though they can, and do, influence operations. When the NSC staff took on an operational role during the Iran-Contra affair, it created significant problems for the President and the nation. Agencies with significant operational roles should not be placed in the EOP, and we cannot afford to subject the NID leadership to the political pressures that go with an EOP location.

The Working Group believes Congress should consider much simpler proposals. Strengthening the DCI, located outside the EOP, as now, and perhaps renaming it the NID, but without the three deputies proposed by the Commission, could be a significant improvement. Instead of three deputies out-placed in three agencies, there might be a Deputy DCI with authority to manage the CIA. That would leave the DCI (or NID) more time for the daunting task of coordinating the various intelligence agencies.

Another issue involving the NID is the Commission's view that it be given authority over the amount of funds budgeted for the 15 intelligence agencies. Admiral Stansfield Turner, who served as DCI in the Carter Administration, reported that President Carter gave him the authority "to set the budgets for these intelligence agencies" and that such authority was cancelled during the Reagan Administration. He has recommended that this authority be restored, and that the DCI also have authority to set the standards for classifying intelligence material. We believe his views have merit.

### **National Counterterrorism Center**

Whether or not some version of a NID is established, we agree with the need for establishing the National Counterterrorism Center (NCC) recommended by the 9/11 Commission. This is one of the organization and management recommendations by the Commission that we endorse for immediate action. Like the current Terrorist Threat Integration Center, it should also be located outside the EOP. To the maximum extent possible, the NCC should be insulated from political pressures.

The Working Group also supports strongly the Commission's recommendation regarding information systems. We urge prompt action to establish "a network-based information sharing system that transcends traditional governmental boundaries."

### **Congressional Restructuring**

The Working Group agrees with the Commission that a restructuring of Congressional Committees is badly overdue, however difficult to achieve. The need is great. The plethora of oversight committees and subcommittees in the whole antiterrorism and homeland security arena must be addressed. On August 8, 2004, The New York Times reported that, since January 2003, Department of Homeland Security officials "testified before 300 Congressional hearings and held 2,000 briefings for members of Congress or their staffs...an average of 4 hearings and 25 briefings a week." No fewer than 88 committees and subcommittees are involved. The drain upon executive energy is enormous. Congress, impatient with inefficiency in the executive branch, thus contributes to inefficiency.

The Commission suggested the former Joint Committee on Atomic Energy (JCAE) as a possible model. That committee served the nation well during the crucial years when we were in a race with the Soviet Union to develop and deploy nuclear weapons on land, air, and sea. These weapons were our principal deterrent against the Communist threat, without which Western Europe probably would have disappeared behind the iron curtain with devastating consequences for the free world.

The JCAE enabled both branches of government to act far more quickly, both in developing our nuclear deterrent, and in responding to new Soviet threats. The Atomic Energy Commission (AEC) was also spared the problem of having to deal with conflicting pressures from different committees and subcommittees. Both types of difficulties now burden the Executive Branch in the intelligence and homeland security areas.

The JCAE was unusually effective in how it exercised its oversight during much of its existence. Its most significant efforts to micromanage occurred during a period in which the

AEC engaged in excessive secrecy, especially regarding the effects on health of radioactive fallout from nuclear testing. When a new AEC Chair, John McCone, arrived, he immediately opened the AEC to an appropriate level of daylight. JCAE quickly responded by ceasing its intrusive oversight.

Because of its power, the JCAE came to be resented by both the White House and other congressional committees, but we believe the need for streamlining outweighs potential concerns about a joint committee.

We do not believe it either feasible or desirable to replace all the existing authorizing and appropriations subcommittees in the two Houses of Congress with a single joint committee. But, we do believe that a bipartisan joint committee established by public law with authorizing and oversight jurisdiction similar to that now lodged in the House and Senate Select Committees on Intelligence, and with membership that included representation from the appropriations committees, should enhance cooperation and coordination between the House and Senate.

The Commission option of creating a single committee in each house of Congress, combining authorizing and appropriating authority from several committees, also merits consideration. Perhaps some combination of a joint committee with limited jurisdiction, together with consolidated intelligence committees in each House would also have merit.

It will reflect poorly on Congress if it presses for major reorganization of the Executive Branch, but lacks the courage and determination to do its own restructuring.

To conclude, we have not presumed to provide the Committee with a new "solution" to the reorganization shortcomings described in the 9/11 Commission Report. Instead, we have provided observations from a Working Group of NAPA Fellows, widely experienced in management and organization, concerning several key management issues posed by the Commission recommendations. We hope they will be of use to this Committee.

On behalf of the Working Group,

Dwight A. Ink  
Working Group Chair  
Standing Panel on Executive Organization and Management

## Appendix B

### NATIONAL ACADEMY OF PUBLIC ADMINISTRATION STANDING PANEL ON EXECUTIVE ORGANIZATION AND MANAGEMENT

#### Working Group on 9/11 Commission Report

**Charles F. Bingman**—Fellow, Center for the Study of American Government, Johns Hopkins University. Former Professor, Department of Public Administration, George Washington University; Special Assistant to the Deputy Secretary, U.S. Department of Transportation; Deputy Administrator and Acting Administrator, Urban Mass Transportation Administration; Chief, Government Organization Branch and Deputy Associate Director, U.S. Office of Management and Budget.

**Murray B. Comarow**—Attorney. Former Distinguished Adjunct Professor in Residence, School of Public Affairs, American University; Executive Director, President's Advisory Commission on Executive Organization; Partner, Booz, Allen, and Hamilton; Of Counsel, Seyfarth, Shaw, Fairweather & Geraldson; Executive Director, President's Commission on Postal Organization; Senior Assistant Postmaster General; Executive Director, Federal Power Commission; Acting Deputy General Counsel, Office of the Secretary of the Air Force.

**Alan L. Dean**—Consultant. Former Vice President for Administration, U.S. Railway Association; Deputy Assistant Director, U.S. Office of Management and Budget; Assistant Secretary for Administration, U.S. Department of Transportation; Associate Administrator for Administration, Federal Aviation Agency.

**Dwight A. Ink**, Working Group Chair—President Emeritus and former President, Institute of Public Administration. Director of several presidential management and organization reforms. Former Assistant Administrator, Bureau for Latin America and the Caribbean, U.S. Agency for International Development; Acting Administrator, U.S. General Services Administration; Director, U.S. Community Services Administration; Assistant Director for Executive Management, U.S. Office of Management and Budget. Assistant General Manager, U.S. Atomic Energy Commission; Assistant Secretary for Administration, U.S. Department of Housing and Urban Development.

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