



UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

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BDM

HUMAN RESOURCES  
DIVISION

FEBRUARY 22, 1985

B-217684

The Honorable William D. Ford  
Chairman, Committee on Post  
Office and Civil Service  
House of Representatives



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Dear Mr. Chairman:

Subject: Applicability of OMB Circular A-76 to  
Personnel Reductions in the Department of  
Health and Human Services (GAO/HRD-85-30)

On May 10, 1984, you requested that we make a review to respond to concerns brought to your attention by the Chairman and a member of your Subcommittee on Human Resources regarding the Department of Health and Human Services' (HHS') plan to reduce its staff in the Office of the Secretary. It was alleged that the services being performed by the HHS employees whose positions were being abolished might later be procured from private contractors, and if so, that HHS had not done the cost-comparison studies to justify the change from in-house to contract as required by Office of Management and Budget Circular A-76.

BACKGROUND

HHS officials regard an internal HHS memorandum, dated March 19, 1984 (see enc. I), from the chief of staff as the guide for the reductions in staff in the Office of the Secretary. The memorandum established the goal of reducing the authorized positions in the Office from 4,342 to 3,078 full-time equivalent employees.<sup>1</sup> Details on the number of reductions in the Office's various units are in enclosure I.

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<sup>1</sup>The terms "employees" and "positions" are used in place of full-time equivalent in this report for readability. A full-time equivalent is the equivalent of one employee working full time, or 40 hours a week. For example, two part-time employees working 20 hours a week would be one full-time equivalent.

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According to the March 1984 memorandum, the basis for the planned reduction was that (1) new HHS programs had been declining in the last few years, and the staff established to implement such programs had not been adjusted accordingly; (2) other HHS components had established units performing work similar to the Office of the Secretary's staff; and (3) some Office staff performed services basically for only one HHS operating division, and placing the workload responsibility and staff in the divisions would be more efficient.

Office of Management and Budget Circular A-76 establishes federal policy and procedures for determining whether activities should be performed by federal agencies or under contract. According to the circular, the government shall not start or carry on any activity to provide a commercial product or service if it can be procured more economically from a commercial source unless the activity is so intimately related to the public interest as to mandate performance only by federal employees. Federal agencies are to periodically review their activities that provide products or services that could be obtained from commercial sources. An activity performed by government employees remains in-house unless a cost study shows that the estimated contract costs are less than the in-house cost estimate by 10 percent or more of government personnel costs. If the activity involves 10 or fewer government employees, a cost study is not required. However, a determination should be made that there is sufficient private sector competition to help ensure reasonable prices.

We reviewed HHS documents relating to the plan for reducing the size of the Office of the Secretary and discussed the implementation of the plan and the validity of pertinent assumptions in the plan with officials in (1) HHS' Office of the Secretary, Public Health Service (PHS), and Social Security Administration (SSA) and (2) the Equal Employment Opportunity Commission. Our audit work was done between May and October 1984 in accordance with generally accepted government auditing standards.

#### IMPACT OF REDUCTIONS ON AGENCY FUNCTIONS

HHS plans to absorb the reduction of staff in the Office of the Secretary without impeding the agency's ability to fulfill its obligations by streamlining some activities, transferring some functions to other HHS units, and eliminating unnecessary tasks. Of the 1,264 employees whose positions are being abolished, 447 have been transferred to SSA. These employees were and will continue to be involved in SSA litigation and personnel work. However, they are now counted as SSA employees.

We reviewed supporting information for staff reductions in three components of the Office of the Secretary that account for 396 of the 817 positions being abolished, excluding the 447 transferred to SSA. The 396 positions were in the Office of Facilities Engineering (OFE), the Regional Facilities Engineering and Construction Offices (ROFEC), and the Office of the Secretary's computer center. We also reviewed the actions being taken in one area--equal employment opportunity (EEO) complaint investigations--where, as of October 1984, no final decision had been made as to how the work of persons whose positions were being abolished would be performed.

#### OFE and ROFEC

OFE, located in Washington, D.C., was responsible for developing policies and procedures and overseeing HHS activities relating to facilities engineering and construction. ROFEC, located in the 10 HHS regional offices, provided field engineering and facility management services to HHS components. It also provided support to other federal departments, primarily (1) the Department of Education--for design and construction of schools on federal land; and (2) the Department of Housing and Urban Development--for reviewing hospital projects whose mortgages are insured by that Department.

A 1984 HHS study Assessment of the Office of the Secretary Facilities Management Functions was done to examine OFE's and ROFEC's major functions, to evaluate the need for the continuance of these functions, and to recommend ways to carry out the functions in the future. The study noted that for fiscal year 1983, 83 percent of ROFEC's workload involved three functions: PHS construction programs (39 percent), federally assisted construction programs mostly for the Department of Housing and Urban Development (18 percent), and space management primarily for SSA (26 percent).

The study recommended that the ROFEC and OFE organizations be abolished within the Office of the Secretary and that the staff-years for their functions be reduced by 70 percent. The study recommended further that five OFE employees be kept in the Office of the Secretary for oversight of occupational safety and health and real property functions and that the ROFEC employees remaining after the reduction be transferred to PHS.

The oversight functions performed by OFE in the Office of the Secretary were reduced, and the operating divisions assumed the responsibilities for most policy and operational matters affecting their organizations. PHS would assume responsibility

for its facilities management and construction functions. SSA would assume responsibility for its field office space. HHS would do work for the Departments of Education and Housing and Urban Development only if these Departments gave HHS sufficient positions to handle that work.

The Deputy Assistant Secretary for Health Operations, PHS, told us that, in May 1984, ROFEC was transferred to PHS with 145 employees, but PHS was to reduce the staff to 68 employees for fiscal year 1985. He planned to restructure the existing 10 regional ROFEC units into 3 regional ROFEC offices. He said all the employees would be offered positions in the three regions to be established, but he expected that many employees would not accept the positions in the new locations. He estimated that about 70 percent of the employees would be eligible for retirement. He expressed the belief that the staff that eventually relocated could handle the workload and that he did not anticipate that any of the PHS work would be contracted.

A PHS official in the Division of Management, Planning, and Analysis told us in October 1984 that, while discussions were underway with the Departments of Education and Housing and Urban Development, no decisions had been made as to how the work that ROFEC did for them would be performed. The official also said that the relocation of ROFEC employees had not yet been implemented.

In May 1984, the Director of the Office of the Secretary's Office of Facilities and Management Services told us that OFE was to be abolished and, of the 66 employees involved, (1) 8 employees who are monitoring construction at St. Elizabeths Hospital were to be transferred to PHS, (2) 5 or 6 positions were to be retained in his office, and (3) about 53 positions were to be abolished. He said that the tasks performed by OFE would be assumed by PHS. In October 1984, he told us that the OFE changes had taken place as planned.

In August 1984, SSA's Director, Office of Material Resources, Office of Management, Budget and Personnel, told us that she did not believe any additional SSA staff was necessary because of the elimination of ROFEC and OFE. She said that one of ROFEC's functions was to review the General Services Administration's plans for space renovation. SSA will now rely more on the General Services Administration's work. If that does not work out, SSA may have to contract for such reviews, but she did not consider it likely.

Computer center

The work of the Office of the Secretary's computer center was to be transferred to two PHS computer centers. According to the Deputy Assistant Secretary for Management Analysis and Systems in June 1984, the staff of the unit that operates the computer center would be reduced from 88 to 10 positions.

The Director, Office of Organization and Management, PHS, told us in June 1984 that the staff at the two PHS computer centers could absorb the transferred workload. She said that the workload transfer had been discussed previously. However, in the past, the Office of the Secretary had wanted to transfer its personnel as well as its workload, and PHS did not need any of those personnel to handle the additional workload.

In October 1984, we were advised that the Office of the Secretary's computer center had been closed and its workload transferred to PHS.

HANDLING OF EEO  
COMPLAINTS IS UNRESOLVED

About 15 positions in the Office of the Assistant Secretary for Personnel Administration involved investigations--primarily of EEO complaints--when the March 1984 reduction plan was circulated. HHS had planned to eliminate all but two of the positions devoted to investigations as a part of the reduction of staff in the Office of the Secretary. It was assumed that EEO complaint investigations formerly done by the employees whose positions were eliminated would be handled by the Equal Employment Opportunity Commission. Private contractors would be used for cases the Commission could not handle and to help with backlogs. HHS has used contractors in the past to augment its investigative staff. According to an HHS cost analysis (not an A-76 study), during fiscal year 1983 the average cost for the contracted investigations was \$2,388 compared to the average cost of \$2,931 for the investigations made by HHS employees.

The extent to which the Commission can pick up HHS' investigations workload had not been resolved. Commission officials told us that its regional offices had been reorganized in July 1984 and, once the new organization was functioning, the Commission would determine how much of HHS' workload it could assume.

We reviewed the data supporting the HHS cost analysis. We did not attempt to verify the cost per case investigated by HHS employees, primarily because the percentage of work time these employees spent on EEO investigations was an estimate and was not based on an analysis of work records. The actual cost of contracted investigations for fiscal year 1983 was about the same as HHS had estimated. HHS estimated that the average cost per contracted investigation would be \$2,223 in fiscal year 1984 based on an estimated 180 task orders for investigations at a total cost of \$400,000. HHS records showed that, as of August 30, 1984, HHS had processed 134 task orders for 144 investigations with a total estimated cost of \$401,103.80, which averages \$2,993 per task order and \$2,785 per investigation.

In August 1984, the Assistant Secretary for Personnel Administration stated that HHS' March 1984 plan for reorganizing the EEO investigations function had been modified. Under the modified plan, HHS would (1) maintain its staff of EEO investigator positions in headquarters to the six still on board at the time of his letter and eliminate its field investigative staff, (2) rely on the Commission for handling about 200 investigations a year, and (3) use contractors at about the same level it had been using them. Field investigators who choose to transfer into other personnel positions in HHS and other HHS investigators who are qualified to perform EEO investigations will be available for investigative support when needed.

#### CONCLUSIONS

The activities involved in the staff reduction plan are the type covered by Circular A-76, which establishes procedures for determining whether activities should be performed under contract. Our discussions with agency officials, however, indicated that certain functions previously performed in the Office of the Secretary were absorbed by staff remaining, were transferred to other HHS components, or were eliminated and will not be procured through private contractors. Therefore, Circular A-76 studies were not required in connection with the reduction of staff in the Office of the Secretary.

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As agreed with your Subcommittee on Human Resources' office, copies of this report are being sent to the Secretary of Health and Human Services and other interested parties.

Sincerely yours,



Richard L. Fogel  
Director

Enclosure



DEPARTMENT OF HEALTH &amp; HUMAN SERVICES

Office of the Secretary

MAR 19 1984

Washington, D.C. 20201

MEMORANDUM TO: Heads of Staff Divisions  
The Regional Directors  
Heads of Operating Divisions

FROM: George W. Siguler *George W. Siguler*  
Chief of Staff

SUBJECT: Streamlining the Office of the Secretary

The Secretary, after careful consideration of the recommendations of the President's Private Sector Survey on Cost Control and other factors, has approved a plan for streamlining the Office of the Secretary. That plan, summarized in the attached fact sheet, is designed to improve the operating efficiency of the Office of the Secretary without impeding the ability of this Department to support its programmatic missions and without impeding the ability of the Office of the Secretary to support the Secretary in her leadership and oversight roles.

The plan calls for the reduction of 1264 Full Time Equivalent positions in the Office of the Secretary. Over 50% of that goal has been met through attrition since imposition of the Secretary's freeze on hiring, and through transfers of certain positions to other Departmental components. The remainder of the goal will be met through additional attrition; a vigorous outplacement program augmented by the efforts of a soon-to-be-hired placement firm; additional transfers to other HHS components; the obtaining of early out retirement authority for those eligible; and, to the extent necessary, personnel separations.

The Secretary desires most strongly that this plan to streamline the Office of the Secretary be implemented in the most humane manner possible. The Secretary expects that every executive and supervisor will exert his/her maximum level of effort to assist affected employees through outplacements and other actions designed to reduce, to the absolute minimum, the number of individuals subject to separation. The Secretary will hold executive and supervisors strictly accountable for the achievement of this goal.

The Assistant Secretary for Personnel Administration, with assistance from the Assistant Secretary for Management and Budget, will be responsible for the day-to-day implementation of the streamlining plan. Please provide your personal leadership and support to the successful implementation of this plan, with particular emphasis upon minimizing adverse impacts upon individual employees.



## STREAMLINING THE OFFICE OF THE SECRETARY

## Program Implementation Plan

Purpose

This document describes the reasons, method and schedule for undertaking several management and staffing level changes to achieve greater operating efficiencies within the Office of the Secretary.

Overview

This plan has been developed to place the Office of the Secretary in the most effective and efficient mode to discharge its responsibilities during the 1980s. The plan ensures that the resources of the Office of the Secretary will remain sufficient to provide effective support to the Secretary in meeting her leadership and oversight responsibilities for the Department. However, the plan also recognizes that the size and structure of the Office of the Secretary have not evolved commensurate with the changes which have taken place over recent years in the Department's operating environment. These changes, all of which imply the need for streamlining the size of the Office of the Secretary, may be summarized as follows:

- o A decrease in the number of new programs enacted by Congress for administration by this Department.
- o A change, primarily through the use of block grants, in the amount of specific activity Congress intends this Department to exercise with respect to several existing programs in the areas of health and social services.
- o An overall scarcity of resources, which demands as an appropriate management response, assignment of the maximum amount of resources to program operations as opposed to administrative overhead functions.
- o Presidential management initiatives, primarily Reform '88 and Field Structure Reform, which emphasize automating, consolidating, and streamlining administrative and overhead functions.
- o A reduction in the overall staffing levels of the Department from 148,373 FTE in FY 81 to a proposed level of 130,445 in FY 85.

In addition to addressing the above factors, this plan has been developed after a careful review of the recommendations of the President's Private Sector Survey on Cost Control (the Grace Commission), as these recommendations apply to the Office of the Secretary. This plan incorporates the majority of the nearly 100 individual recommendations made by the Grace Commission and reflects the basic conclusions of the Commission that the size of the Office of the

Secretary should be reduced. The plan does not propose to alter the management role of the Secretary (the Grace Commission had recommended a Board of Directors structure for HHS). This recommendation is inappropriate in view of the statutory responsibility and accountability of the Secretary for HHS programs and activities. This plan also does not adopt the Grace Commission recommendations for radical restructuring of major components of the Office of the Secretary. The basic goals of this plan, and of the Grace Commission recommendations, can be met through streamlining various activities, transferring specific functions, and achieving selected minor restructurings, without the need for major reorganizations and their attendant disruptive effects.

In sum, and as described below in detail, this plan calls for the elimination of 734 positions and the transfer of 530 positions to other Departmental units. These actions will reduce the Full Time Equivalent (FTE) staffing levels of the Office of the Secretary (excepting the Office of the Inspector General) from an FY 83 level of 4342 FTEs to an FY 85 level of 3078 FTEs.

#### Discussion of Approach

The structure and size of the Office of the Secretary were determined primarily during the late 1960s and early 1970s when this Department faced an enormous growth in the number and complexity of the programs it administered. The primary force for expansion was the Great Society programs, but Congress enacted additional programs or major modifications to existing programs into the early 1970s (the Social Security Amendments of 1972 alone created 8 major new programs and modified dozens of other programs in a 165 page statute).

The process of translating statutory requirements into operating programs required a significant amount of resources at the Office of the Secretary level. That is, the implementation of new programs (or of major modifications to existing programs) is historically the most difficult and resource intensive period during the life of a given program. From the perspective of the headquarters units of an organization, the implementation of new laws requires the making of many decisions - both substantive (the creation of new or modified regulations and operating policy guidelines), and administrative (decisions related to staffing, equipment and facilities). The Office of the Secretary was structured and staffed throughout the early 1970s to reflect the need for increased leadership related to new policy and oversight activities assigned to the Department. Although there has been a dramatic decrease in the amount of this activity in recent years, the Office of the Secretary staffing levels have remained relatively constant.

In addition to assisting the Secretary in her policy setting and oversight roles for substantive programmatic matters, the Office of the Secretary has two additional major responsibilities - policy formulation and oversight for administrative functions (e.g., personnel, procurement, accounting, etc.) and the provision of selected direct administrative services (e.g., payroll, some engineering support) to the Operating Divisions.

The Office of the Secretary has organizational units which set forth the policies which each HHS Operating Division must follow in carrying out their day-to-day functions in various administrative areas. In addition, in each administrative area, these units reserve to themselves the right to approve certain actions which fall above specified thresholds (e.g., the approval to fill certain vacant positions, or to acquire computer equipment above certain cost levels). Finally, the Office of the Secretary units conduct periodic audits to ensure that the Operating Divisions are complying with Departmental administrative policies.

The basic roles played by these Office of the Secretary units has not changed significantly over the last decade, despite the fact that each of HHS' four major Operating Divisions has developed similar policy setting and oversight capabilities at their headquarters levels. Because three of HHS' four Operating Divisions were created in the last decade, some rationale existed for maintaining dual structures and activities in the various administrative functions. However, at this time, all HHS Operating Divisions have had the time necessary to develop fully staffed and mature organizations in these areas. Thus, it is now appropriate to eliminate certain headquarters responsibilities which duplicate the work of the Operating Divisions.

Finally, primarily in the regional offices but also at headquarters, the Office of the Secretary provides certain administrative services to the Operating Divisions on a centralized basis. For example, at headquarters, the Office of the Secretary processes the entire HHS payroll. In each of HHS' ten regional offices, the Office of the Secretary provides personnel, procurement, accounting, some engineering and other services to the Operating Divisions' field units in each region. The Department is convinced (and both the recommendations of the Grace Commission and the President's Field Structure Reform Working Group confirm) that the centralized provision of administrative services is the most efficient mode for HHS. However, through studies undertaken in response to Reform '88, it is also clear that currently centralized services can be made even more efficient through streamlining procedures, achieving further consolidation of organizational units, and embracing to a greater degree the advantages of automation. In addition, the responsibility for some services which are currently provided on a centralized basis, but which, in fact, serve almost entirely the programs of one HHS Operating Division, can be assumed by that Operating Division without any loss of efficiency.

In summary, this plan applies three basic concepts for change, as follows:

- o there should be a reduction in resources devoted to program policy development activity in line with the reduction in new programs;
- o there should be a reduction in administrative policy development activity in recognition of the capability of the Operating Divisions; and
- o there can be greater efficiency in providing centralized administrative services.

Applying these concepts can lead to a significant streamlining in the current structure of the Office of the Secretary without a decrease in the ability of this Department to manage its programs and without a decrease in the ability of the Office of the Secretary to support the Secretary in her leadership and oversight roles.

#### Achieving Reductions in Positions

This plan calls for a decrease of 1264 FTE positions in the Office of the Secretary by the end of FY 85, excluding the Office of the Inspector General which will not be affected. 447 positions have been transferred to the Operating Divisions and an additional 83 positions will be transferred in FY 84. A principal method for achieving the additional reduction of 734 positions will be through attrition and a continuance of the freeze on filling vacant positions, in place since August 1983. To date, attrition has led to the reduction of approximately 300 FTE positions in the Office of the Secretary, excluding the Office of the Inspector General. Routine attrition expected during FY 85 should lead to some additional reductions. However, in order to achieve the overall FTE reduction target for FY 85, approximately 350 FTE positions will have to be eliminated by September 30, 1984.

To achieve these reductions will require increasing very significantly, through outplacement efforts, the historical attrition rates for the Office of the Secretary. To the extent that attrition rates cannot be increased to meet the required levels, reduction-in-force procedures will have to be applied. Every effort will be made to achieve outplacement, either in the vacant positions which occur in HHS' Operating Divisions or in vacant positions with other Federal agencies. A formal placement effort will be established, including the obtaining of an employment placement specialist through contract. In addition, "early-out" retirement authority will be sought from the Office of Personnel Management for those eligible. However, to the extent that outplacement and other efforts are not successful in increasing substantially the attrition rate, reduction-in-force procedures will be applied to achieve the required reductions in positions by September 30, 1984.

#### Staffing Reductions by Component

##### Immediate Office of the Secretary

This unit will be reduced by 25 FTE on the basis of achieving greater operational efficiencies through simplified procedures, greater use of automation and consolidation of functions. The reductions can be potentially achieved by not filling currently vacant positions and by not filling additional positions which will become vacant through routine attrition in FY 84 and FY 85.

Assistant Secretary for Legislation

This unit will be reduced by 10 FTEs, primarily by reducing the amount of initial preparation work (e.g., preparation of Congressional testimony) conducted by this unit and assigning that work to the existing legislative liaison staffs in each of the Operating Divisions. This office will retain its current oversight and review functions over materials prepared for the Congress. The reductions can be potentially achieved by not filling currently vacant positions and by not filling additional positions which will become vacant through routine attrition in FY 84 and 85.

Assistant Secretary for Planning and Evaluation

This unit will be reduced by 56 FTEs, in recognition of the historical decrease in the development of new programs assigned to HHS, in recognition of the fully staffed planning and evaluation units in each of HHS' Operating Divisions, and in recognition of the increased role of the White House Office of Policy Development in leading and conducting policy analyses of major domestic issues in health and human services areas. The staffing level of 120 FTE assigned to this office will provide the Secretary with a strong capability to conduct the specific analyses she desires and will also provide for sufficient staff to oversee the detailed analytical and evaluative work to be carried out by the Operating Divisions. The planned reductions can be met partially by not filling currently vacant positions and by not filling positions which will become vacant through routine attrition in FY 84 and 85. However, the incumbents in some positions will have to be outplaced or separated by September 30, 1984.

Assistant Secretary for Public Affairs

This unit will be reduced by 15 FTEs, primarily by assigning additional responsibility for creating initial products (e.g., press releases) to the public affairs staffs in each of HHS' Operating Divisions. The unit will not decrease its efforts in direct support of the Secretary nor its oversight responsibilities for major activities conducted by the Operating Divisions. The reductions can be met partially by not filling currently vacant positions and by not filling positions which will become vacant through routine attrition in FY 84 and FY 85. However, the incumbents in some additional positions will have to be outplaced or separated by September 30, 1984.

Office of General Counsel

This unit has been reduced by 260 FTEs which have been transferred for administrative recordkeeping purposes to the Social Security Administration. These 260 FTEs are devoted solely to disability insurance litigation and thus are appropriately reflected on the rolls of the Social Security Administration. The incumbents in the transferred positions continue to receive substantive legal direction from the General Counsel.

The overall plan for streamlining the Office of the Secretary requires no other changes to the Office of General Counsel's functions, other than the administrative change described above. However, the plan does establish the Office of General Counsel's position ceiling for FY 85 at the same level it was in FY 83, less the 260 FTEs transferred to the Social Security Administration. This level is 417 FTEs. The Office of General Counsel is somewhat in excess of that level at present, but can potentially reach the 417 level by the end of FY 85, through routine attrition.

Assistant Secretary for Personnel Administration

This unit will be reduced by 60 FTEs, primarily by assigning to the fully-staffed personnel offices in the Operating Divisions additional workloads, and by increasing the outside contracting and reimbursable work carried out by other government agencies in the investigation functions presently performed by Headquarters and field units. (There will be no other changes to any of the other equal employment opportunity functions of the office.) The Operating Divisions will assume full responsibility for activities related to their personnel in the areas of cash awards, suggestion programs, the detailing of personnel to other government agencies, training programs, setting work schedules, conducting special hiring programs, and most executive development functions, except the Senior Executive Service Candidate program. In addition, the support function for the Secretary's Advisory Committee responsibilities (and 4 FTE associated with that function) will be transferred to the Public Health Service which currently interacts with 222 of the Department's 226 Advisory Committees. Finally, policy functions now performed by the office will only be retained if required by statute or regulation and if needed to permit departmental control. The Operating Divisions will assume greater responsibility in exercising their secondary level policy functions. The overall reduction of 60 FTEs can be met partially by not filling positions which will become vacant through routine attrition in FY 84 and FY 85. However, the incumbents in some positions will have to be outplaced or separated prior to September 30, 1984.

Assistant Secretary for Management and Budget

This unit will be reduced by 336 FTE by taking the following actions in the major units of the Office of the Assistant Secretary for Management and Budget.

Immediate Office

A reduction of 4 FTE by consolidating existing support functions.

Equal Employment Opportunity

No changes.

Budget

A reduction of 18 FTE by concentrating analytical activities on strictly budget related issues and major staffing issues and decreasing the amount of effort currently devoted to regulatory and other policy-development issues which do not directly affect the budget; by limiting the amount of technical assistance provided to Office of the Secretary units on budget formulation and execution matters; by limiting the amount of assistance provided to the staff of Congressional Appropriations Committees on low priority technical matters; and by reducing in-house clerical, computer and messenger services support to the professional staff. The Office of Budget will not reduce its level of effort with respect to all substantive budget matters nor with respect to providing assistance to Congressional Committees on substantive budget issues.

Finance

A decrease of 27 FTE to be achieved by reducing the amount of technical assistance, secondary policy development, and monitoring activities related to fiscal and travel policy, accounting procedures, internal controls and debt/cash management; by reducing staff devoted to special studies and the "delay of drawdown initiative" (for which the Treasury Department has assumed the lead); by achieving greater efficiencies through improved automated accounting and payment systems; by reducing overhead through a modest reorganization; and by reducing some technical staff in proportion to the overall decrease in the staff of the Office of the Secretary. The headquarters accounting staffs in the four Operating Divisions will absorb a greater proportion of the technical assistance and secondary policy development workload previously performed by this office. In addition, for major policy development activities, the office will no longer rely solely on its own resources but will form special task forces with personnel from the Operating Divisions. The Office of the Inspector General (which has increased its staffing levels from 971 FTE in FY 81 to 1415 FTE in FY 84) will assume those monitoring functions no longer carried out by this office or the Operating Divisions.

Management Analysis and Systems

(See GAO note) A decrease of 111 FTE to be achieved by transferring the workload currently performed by the Office of the Secretary computer center to the computer centers of the Public Health Service which currently perform much of this workload; by using contractors to perform certain computer system design work and certain management studies; by using Departmental task forces in place of Office of the Secretary staff to develop computer system and management policies and manuals; by charging the Operating Divisions with additional secondary policy development and review work with this office reviewing their work; and by utilizing the Office of the Inspector General to conduct selected monitoring activities formerly performed by this office.

## GAO note:

In June 1984, the Deputy Assistant Secretary for Management Analysis and Systems told us that (1) no contracting for management analyses studies is planned although a peak demand could result in contracts for no more than 1 or 2 staff-years, (2) three contracts for computer operators totaling about 1.75 staff-years may be awarded, and (3) the use of contractors for computer systems design will be no different than it would have been if there were no reductions in the Office of the Secretary.

#### Procurement Assistance and Logistics

A decrease of 32 FTE to be achieved by reducing or discontinuing the level of coordination, review, secondary policy development, technical assistance, training and oversight provided to the Operating Divisions related to grants management, logistics management, grantee computer system proposals, procurement management, and resolution of audit findings involving two or more Operating Divisions. The Operating Divisions, through their fully staffed grants and procurement headquarters staffs, will assume a greater proportion of the workload in these areas. In addition, this office will utilize task forces of Operating Division personnel to develop major policies, rather than relying solely upon its own resources. The Office of the Inspector General will also assume some of the monitoring tasks previously conducted by this office. One FTE position devoted to construction procurement policy will be transferred to the Public Health Service. Finally, the Office of Small and Disadvantaged Business Utilization will not be affected by these changes.

#### Facilities and Management Services

A reduction of 144 FTE to be achieved by reducing dramatically the headquarters facilities engineering functions with the Operating Divisions assuming, through their comparable headquarters units, the day-to-day workload responsibilities for most facilities engineering policy and operations matters affecting their organizations; by transferring construction oversight responsibilities (and 8 FTE positions) for St. Elizabeths Hospital to the Public Health Service; by transferring 2 FTE positions, devoted to construction procurement matters, to the Public Health Service; by delegating to the Operating Divisions certain emergency preparedness functions which fall within their purview and capabilities; and by reducing, in recognition of the overall reductions in the Office of the Secretary, support activities in the areas of personnel, facilities, contracts and grants, material management, postal management, printing and library support. This office will continue to provide overall leadership and coordination to the Department in the areas of employee safety, space management, real property and emergency preparedness but the Operating Divisions, through their existing staff for these functions, will assume greater responsibilities in these areas.

#### Method of Implementation

The overall reduction of 336 FTE in the Office of the Assistant Secretary for Management and Budget can be achieved partially by not filling currently vacant positions, and by not filling positions which will become vacant through routine attrition in FY 84 and FY 85, and through the transfer of 11 FTE positions to the Public Health Service. However, the incumbents in some positions will have to be outplaced or separated by September 30, 1984.



Regional Offices

The Office of the Secretary units in the ten Regional offices (except the regional units of the General Counsel, Office for Civil Rights, and Inspector General) and the headquarters unit which supports the ten regional offices, will be reduced by 452 FTE, through the following actions for the major units affected.

Office of Intergovernmental Affairs

A reduction of 3 FTE in this headquarters unit to be achieved by transferring to the Assistant Secretaries for Personnel Administration and for Management and Budget certain day-to-day responsibilities for direction and oversight of the ten Regional Administrative Support Centers. This unit will continue to provide its current level of full support to intergovernmental activities with State and local governments.

Office of Regional Directors

A reduction of 10 FTE (1 per region) through consolidations of staff support functions. The Office of Equal Employment Opportunity will not be affected.

Regional Personnel Offices

A reduction of 203 FTE to be achieved by transferring to the Social Security Administration for administrative recordkeeping purposes 187 FTE (and the incumbents of these positions) and by achieving the remaining 16 FTE reduction through routine attrition and by implementing improved automation techniques. The 187 FTE relate to positions which support solely personnel work conducted for, and in, field units of the Social Security Administration. These FTE have been transferred to the Social Security Administration, effective 1 October 1983. The incumbents will continue to receive substantive direction on personnel matters from the Regional Personnel Offices.

Regional Facilities Engineering and Construction Offices

A reduction of 164 FTE to be achieved by delegating to the Operating Divisions responsibility for providing field engineering and facility management services by using staff the Operating Divisions already have in place for such purposes. All Operating Divisions, except the Public Health Service and Health Care Financing Administration, have sufficient staff to support these activities directly. 68 FTE will be transferred to the Public Health Service which, by utilizing the transferred positions and additional engineering positions currently in the Public Health Service, will assume responsibility for direction and oversight of their facility programs. The Public Health Service is the current user of the majority of facilities engineering support services provided by the Regional Facilities Engineering and Construction Offices. In addition, the Health Care Financing Administration utilizes 6 FTE from these offices to support its health care facilities certification programs under Medicare and Medicaid. Under this plan, the Public Health Service will supply the Health Care Financing Administration with these services at the same level at which they are currently provided.

Indirect Cost Allocation Offices

A reduction of 18 FTE (less than 2 per region) to be achieved by consolidating units and implementing improved procedures.

Finance and Budget Offices

A reduction of 24 FTE (less than 3 per region) to be achieved by implementing improved procedures, implementing improved automation techniques, and consolidating administrative payments functions under a Reform 88 initiative.

Administrative Services

A reduction of 30 FTE (3 per region) to be achieved in recognition of corresponding reductions in other regional office staffing levels which will decrease the overall need for administrative services.

Method of Implementation

Except for the reductions in the Regional Offices of Facilities Engineering and Construction, all reductions in the various regional office units can be potentially met by not filling positions which are currently vacant. For the Offices of Facilities Engineering and Construction, 68 FTE and the incumbents of these positions will be transferred to the Public Health Service. However, the incumbents in the remaining positions will have to be outplaced or separated by September 30, 1984.

Office for Civil Rights

A reduction of 50 FTE to be achieved by taking steps to match more effectively staff resources to the current workloads. The reduction can be accomplished entirely by not filling currently vacant positions and by not filling some of the positions expected to become vacant through routine attrition in FY 84 and 85.