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Implementation: The Missing Link in Planning Reorganizations

Agencies reorganized under the Reorganization Act of 1977 experienced substantial start-up problems. These included delays in obtaining key agency officials, inadequate staffing, insufficient funding, inadequate office space, and difficulties in establishing administrative support functions such as payroll and accounting systems.

Solving these startup problems distracted agency officials from concentrating on their new missions during the critical first year of operation. These startup problems could be alleviated by including in future reorganization plans front-end implementation planning objectives. Establishing high level interagency implementation task forces to obtain timely commitments from all agencies involved would further ease future reorganizations.

BY THE COMPTROLLER GENERAL
 Report To The Committee
 On Governmental Affairs,
 United States Senate
 OF THE UNITED STATES

17505



B-202249

The Honorable William V. Roth, Jr.
Chairman, Committee on
Governmental Affairs
United States Senate

Dear Mr. Chairman:

This report describes problems experienced by selected agencies reorganized under the Reorganization Act of 1977. We made this review in accordance with the former Committee Chairman's November 19, 1980, request and subsequent discussions with your office.

On page 22 we recommend that any future legislation granting reorganization authority to the President require that reorganization plans submitted to the Congress contain sections on proposed implementation actions, including descriptions of high-level interagency task forces or other mechanisms established to facilitate implementation activities.

Due to the short time frame between completion of our work and the expiration of the Reorganization Act in April 1981, we did not obtain official agency comments. As agreed with your office, we are sending copies of the report to the House Committee on Government Operations, the Office of Management and Budget, the General Services Administration, and the Office of Personnel Management.

Sincerely yours,

Milton J. Gordon

Acting Comptroller General
of the United States

--inadequate office space, and

--delays in establishing such support functions as payroll and accounting systems.

Solving these startup problems distracted agency officials from concentrating on their new missions during the critical first year of operations.

Two of the six agencies had delays from 10 to 23 months in obtaining key officials. For example, the Federal Emergency Management Agency was virtually leaderless during the early months of its existence. Its Director was not confirmed until 10 months after the reorganization plan was approved; a total of 23 months passed before all 16 top management positions were filled. (See pp. 5 to 6.)

The six agencies experienced delays from 9 to 30 months in acquiring needed staff. As of February 1981, 19 months after the reorganization approval date, the International Development Cooperation Agency still had not resolved a dispute with the Department of the Treasury over the number of positions to be transferred. (See pp. 6 to 8.)

Three of the six reorganized agencies--the Federal Labor Relations Authority, the Merit Systems Protection Board, and the Office of the Special Counsel--did not have sufficient funds to carry out their new responsibilities. This led to combined fiscal year 1979 and 1980 appropriation increases ranging from \$3.4 million to \$4.1 million. (See pp. 8 to 9.)

All six agencies had difficulty in obtaining adequate office space. Five agencies' space needs still had not been met when GAO completed its review in February 1981. For example, current plans will not allow the Merit Systems Protection Board and the Office of the Special Counsel to move to new office space until June 1981, almost 3 years after they were established. (See pp. 9 to 12.)

Four of the six agencies experienced delays of from 13 to 29 months in establishing administrative support functions. For example, the Federal Emergency Management Agency's budgeting,

accounting, and payroll systems were not finalized as of February 1981, 29 months after the reorganization plan's approval. (See pp. 12 to 13.)

MORE EMPHASIS NEEDED ON IMPLEMENTATION PLANNING

The Office of Management and Budget (OMB) devoted substantial time and resources to developing reorganization plans for review by the President and the Congress. However, implementation of those plans did not receive the same priority or visibility. (See p. 15.)

The reorganization plans, the accompanying presidential messages, and supporting information submitted to the Congress discussed such matters as the purpose of the reorganization, the affected policies and programs, and relevant statutes. However, the plans and supporting information did not address the administrative and operational requirements to carry out the proposed reorganizations. Factors such as the availability of needed office space or the time and cost required to establish support functions were not considered until the plans had met congressional approval. (See p. 16.)

Many of the responsibilities for implementation were left up to the new and reorganized agencies. Although OMB provided a coordination and oversight role during most reorganizations, these efforts were not enough to prevent problems in obtaining key agency officials, other staffing, funding, office space, and support functions. (See pp. 16 to 17.)

These startup problems could be alleviated by including in future reorganization plans front-end implementation planning objectives.

Establishment of high level interagency implementation task forces to obtain timely commitments from all Federal agencies affected by reorganization plans may help to further alleviate startup problems. Task force members should include agency heads or high ranking officials from OMB, the White House Personnel Office, the General Services Administration, the Office of Personnel Management, and/or

GAO did not obtain official agency comments on its report due to the short time frame between completion of its work and the expiration of the Reorganization Act in April 1981.

AGENCY COMMENTS

GAO recommends that any future legislation granting reorganization authority to the President require that reorganization plans contain sections on proposed implementation actions. (See p. 22.) Appendix II contains suggested legislative language.

RECOMMENDATION TO THE CONGRESS

the losing and gaining agencies. (See pp. 17 to 22.)

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ABBREVIATIONS

CSC	Civil Service Commission
EEOC	Equal Employment Opportunity Commission
FEMA	Federal Emergency Management Agency
FLRA	Federal Labor Relations Authority
GAO	General Accounting Office
GSA	General Services Administration
IDCA	International Development Cooperation Agency
MSPB	Merit Systems Protection Board
OMB	Office of Management and Budget
OPM	Office of Personnel Management
OSC	Office of the Special Counsel
PRP	President's Reorganization Project

The Reorganization Act of 1977, as amended (5 U.S.C. §§901-912) provides the President authority, subject to a legislative veto, to reorganize Federal agencies. Such reorganization can take the form of

--transferring all or part of an agency to the jurisdiction of another agency;
--abolishing all or some functions of an agency (except an enforcement function or statutory program may not be abolished);
--consolidating all or part of an agency with all or part of another agency;

--consolidating part of an agency with another part of the same agency;

--authorizing an officer to delegate any of his functions; or
--abolishing all or part of an agency which does not, or as a result of the reorganization, will not have any functions.

This reorganization authority cannot provide for, nor have the effect of, creating a new executive department, or abolishing or transferring an executive department or independent regulatory agency.

The first Reorganization Act was enacted in 1932. Since then there have been several lapses and revisions to the legislation. Although the 1949 act is the model for the current legislation, the 1977 act contains several restrictions not present in the earlier act. Under present law, for example, the president may not abolish an enforcement function or statutory program, create new executive departments, or totally abolish, transfer, or consolidate independent regulatory agencies.

The President's reorganization plans are submitted to each House of Congress on the same day. No more than three plans may be pending before the Congress at the same time, and each plan may deal with only one "logically consistent subject matter." A proposed plan goes into effect after 60 days of continuous session, unless either House passes a resolution disapproving the plan (commonly referred to as a legislative veto) within that time. Although otherwise effective after 60 days,

INTRODUCTION

CHAPTER 1

The Reorganization Act of 1977, originally scheduled to expire in April 1980, was extended for 1 year in 1980. In anticipation of the 1981 reauthorization proceedings, the former

OBJECTIVES, SCOPE, AND METHODOLOGY

- Reorganization Plan No. 1 of 1980 - Nuclear Regulatory Commission.
- Reorganization Plan No. 3 of 1979 - Trade Representative Reorganization.
- Reorganization Plan No. 2 of 1979 - International Development Cooperation Agency.
- Reorganization Plan No. 1 of 1979 - Federal Inspectors for the Alaska Natural Gas Transportation System.
- Reorganization Plan No. 4 of 1978 - Employee Retirement Income Security Act.
- Reorganization Plan No. 3 of 1978 - Federal Emergency Management Agency.
- Reorganization Plan No. 2 of 1978 - Reorganization of Civil Service Commission.
- Reorganization Plan No. 1 of 1978 - Equal Employment Opportunity Commission.
- Reorganization Plan No. 2 of 1977 - International Communication Agency.
- Reorganization Plan No. 1 of 1977 - Executive Office of the President.

During the Carter Administration, the President's Reorganization Project in the Office of Management and Budget (OMB) performed studies and developed reorganization plans. Upon approval of the reorganizations by the President and the Congress, another group in OMB, the Management Improvement and Evaluation Division, coordinated the implementation of the plans. The following 10 reorganizations were carried out under the Reorganization Act of 1977:

APPROVED REORGANIZATION PLANS UNDER THE 1977 ACT

a plan may specify a later effective date or, conversely, an earlier date based on the actual date both Houses defeat resolutions disapproving the plan.

Our methodology included interviewing high ranking officials, obtaining supporting documentation, and summarizing our past studies. We visited the headquarters offices of the Federal Labor Relations Authority, the Merit Systems Protection Board, the Office of the Special Counsel, the Equal Employment Opportunity Commission, the Federal Emergency Management Agency, and the International Development Cooperation Agency to identify any systemic problems associated with the reorganizations. We also reviewed the reorganization plan development and coordination roles played by OMB, and we interviewed General Services

The remaining six reorganizations did not meet one or more of the above criteria. Also, we did not review the well known reorganizations involving the Department of Energy and the Department of Education because these reorganizations were not authorized under the Reorganization Act of 1977 but were carried out under separate legislation.

We selected these four reorganizations because (1) they involved creating new agencies or transferring functions to existing agencies (which are more germane to the potential systemic problems referred to in the Committee Chairman's request), (2) they involved creating multiple agencies, (3) they were relatively large, and/or (4) we had previously issued reports on the related agencies' startup problems.

Due to time constraints, we limited our review to 4 of the 10 reorganizations affecting 6 agencies: the Civil Service Commission (relating to the Federal Labor Relations Authority, the Merit Systems Protection Board, and the Office of the Special Counsel), the Equal Employment Opportunity Commission, the Federal Emergency Management Agency, and the International Development Cooperation Agency. A brief description of the four reorganizations are included as appendix I. We began our review in December 1980 and completed it in February 1981.

--What services may be common to the successful implementation of any reorganization and must be routinely provided by the Executive Branch in order to effectively and efficiently carry out the transfer.

--How the Congress and the Executive can act to avoid or alleviate any systemic problems.

--What systemic problems, if any, new or reorganized agencies have had in actually obtaining the personnel or the support services required by the reorganization.

Chairman, Senate Committee on Governmental Affairs, asked us on November 19, 1980, to identify:

Administration (GSA) and Office of Personnel Management (OPM) officials regarding office space and personnel considerations. The short time frame between completion of our work and the expiration of the Reorganization Act in April 1981 precluded our obtaining official agency comments on our report. However, we discussed our findings and recommendations with agency officials from OMB, GSA, and OPM. These officials agreed with our recommendations.

1/"Improvements Being Made in Flood Fighting Capabilities in the Jackson, Mississippi, Area" (CBD-80-36, Dec. 18, 1979).

These vacancies delayed decisions needed on agency policies and procedures for FEMA's programs, realignment of its regional offices, and establishment of administrative support systems. Staff were occupied with developing option papers on matters such as financial management systems and headquarters and field organization structures.

The Director was not nominated until June 1979. The Senate confirmed the nomination in July 1979, about 10 months after the plan was approved. As of mid-December 1979 (15 months after the plan was approved), only 9 of FEMA's top 17 positions had been permanently filled--the Director, 2 principal program managers, and 6 regional directors. The remaining positions (except the Deputy Director's position which the Director decided to keep vacant) were filled between December 1979 and August 1980. Thus, after the plan's approval date, a total of 23 months passed before all top management positions had been filled.

Two of the six agencies reviewed, the Federal Emergency Management Agency (FEMA) and the Federal Labor Relations Authority (FLRA), experienced delays from 10 to 23 months in obtaining key agency officials. As we previously reported, 1/ FEMA was virtually leaderless during the early months of its existence. The reorganization plan, approved by the Congress in September 1978 to become effective April 1979, provided for a director, a deputy director, and five principal program managers to be appointed by the President with the advice and consent of the Senate. The plan also called for the FEMA Director to appoint 10 regional directors.

DELAYS IN OBTAINING KEY OFFICIALS PREVENTED TIMELY DECISIONMAKING

The six new and reorganized agencies we reviewed experienced substantial startup problems following their reorganizations. Problems included delays in obtaining key agency officials, inadequate staffing, insufficient funding, inadequate office space, and difficulties in establishing support functions such as payroll and accounting systems. Solving these startup problems distracted agency officials from concentrating on their new missions during the critical first year of operations.

EXPERIENCED SUBSTANTIAL STARTUP PROBLEMS

NEW AND REORGANIZED AGENCIES

CHAPTER 2

1/"The Federal Labor Relations Authority: Its First Year in Operation" (FPFD-80-40, Apr. 2, 1980), and "First-Year Activities of the Merit Systems Protection Board and the Office of the Special Counsel" (FPFD-80-46, June 9, 1980).

FLRA's staff shortages were particularly acute in its nine regional offices that prosecute unfair labor practice cases. FLRA subsequently received approval for 86 additional staff over the 255 positions provided for under the reorganization

Reorganization Plan No. 2 of 1978 created, effective January 1, 1979, the FLRA, the Merit Systems Protection Board (MSPB), and the Office of the Special Counsel (OSC). The functions and responsibilities transferred to these agencies under the reorganization plan were subsequently expanded under the Civil Service Reform Act of 1978, which took effect 10 days later on January 11, 1979. We previously reported 1/ that the reorganization plan did not provide staffing for the three agencies' expanded functions and responsibilities. Since there were no provisions for additional staff between passage of the Civil Service Reform Act (signed by the President in October 1978) and the effective date of the reorganization (January 1979), the three agencies were unable to fully carry out their new responsibilities. They subsequently requested and obtained significant increases in staff.

All six new and reorganized agencies we reviewed experienced delays--ranging from 9 to 30 months in obtaining needed staff. Shortfalls in total personnel requirements resulted in curtailment of first year operations and/or requests for supplemental staffing.

DELAYS IN OBTAINING NEEDED STAFF
IMPEDED FIRST YEAR OPERATIONS

FLRA's General Counsel was not confirmed until July 1979--11 months after FLRA's plan received approval in August 1978. As a result, FLRA could not undertake many of the duties assigned to its General Counsel under the Civil Service Reform Act. For example, the absence of a General Counsel delayed FLRA in issuing its final regulations, hiring key field management staff, and organizing field operations. Further, unfair labor practice cases filed at the regional level after January 11, 1979, were investigated, but, in the absence of a General Counsel, no dispositions of the cases were made. This resulted in a backlog of more than 1,000 cases by midyear.

The Director did not begin making formal decisions on the option papers until about 9 months after the reorganization plan received approval, thus delaying implementation. For example, 29 months after the reorganization plan's approval, FEMA still had not finalized its financial management system.

The Equal Employment Opportunity Commission's (EEOC's) staffing negotiations with the former Civil Service Commission and the Department of Labor were completed before the effective dates of the reorganization. However, most of the transferred

In October 1978, FEMA began negotiating with the Department of Housing and Urban Development for the transfer of 35 administrative positions. Negotiations were not completed until May 1979, about 8 months after the FEMA reorganization plan was approved by the Congress in September 1978. Earlier decisions on the number of positions to be transferred would have led to a smoother transition of responsibilities on the reorganization's effective date.

Lengthy negotiations between losing and gaining agencies caused staffing problems for both the International Development Cooperation Agency (IDCA) and FEMA. During June 1979 Senate hearings on Reorganization Plan No. 2 of 1979, an OMB official said that IDCA would receive up to a total of 15 professional positions from the Department of State and the Department of Treasury. Although a small number, these 15 positions represented a 50-percent increase over IDCA's initial professional staffing levels. Negotiations with the Department of State for 10 positions went on until April 1980--9 months after the IDCA plan was approved by the Congress in July 1979. Negotiations with the Department of the Treasury for the remaining five positions bogged down in May 1980 and still had not been settled as of February 1981, 19 months after the plan's approval date.

OSC's authorized staff of only 19 prevented it from making timely and adequate investigations of allegations at locations outside the Washington, D.C., area. Further, OSC did not conduct any self-initiated investigations and did not issue final operating regulations until almost 1 year after operations began. The staffing ceiling was raised to 140--over a seven-fold increase--by the end of fiscal year 1980. Due to hiring freezes, OSC had filled only 94 of these 140 positions as of February 1981, about 30 months after the plan's approval date.

MSPB concluded it had insufficient staffing for its trial and appellate functions and its new responsibility to perform special studies to insure the integrity of merit systems in the Federal Government. MSPB's authorized staffing was eventually increased by 93 positions, or 32 percent, over the 289 positions allocated under the reorganization plan. Due to hiring freezes, MSPB could not fill most of these additional positions until about 30 months after the plan's approval date.

An EIRA official informed us that it was about 19 months after the plan's approval date before most of these positions were filled.

positions were vacant, leading to work backlogs and time consuming recruitment efforts.

EEOC received 214 positions from the Civil Service Commission and 319 positions from the Department of Labor. Of these 533 total positions, 340 were vacant. These vacancies were filled from January to September 1979, 16 months after the Congress approved the EEOC plan in May 1978.

During this period, substantial backlogs accumulated. For example, EEOC held only 270 of the nearly 2,500 requested hearings regarding Federal employees' discrimination complaints.

The EEOC reorganization plan also provided for transfer of the responsibilities previously held by the Equal Employment Opportunity Coordinating Council. The reorganization plan, however, did not provide staff positions to carry out these new responsibilities. During the first year's operation, a temporary staff of three professionals detailed from other EEOC activities performed some of the new functions. To fill this void, EEOC received 25 new positions about 1 year after the effective date of the reorganization.

INSUFFICIENT FUNDING LED TO ADDITIONAL BUDGET REQUESTS

Three of the six reorganized agencies reviewed (FLRA, MSPB, and OSC) did not have sufficient financial resources to carry out their new responsibilities. This led to combined fiscal years 1979 and 1980 appropriation increases ranging from \$3.4 million to \$4.1 million.

The Civil Service Reform Act added new responsibilities for FLRA, MSPB, and OSC. However, the reorganization plan, effective 10 days before the effective date of the act, did not provide for additional funding to carry out these new functions.

The Congress subsequently approved FLRA's \$1.8 million supplemental budget request for fiscal year 1979, about 7 months after the effective date of the act. A fiscal year 1980 budget increase of about \$1.6 million was approved 2 months later, for a total of \$3.4 million.

With the additional funds, FLRA hired staff and undertook projects it had postponed. But the funds were not available until late in FLRA's first year of operation and therefore had little impact on the problems encountered during 1979.

In May 1979, about 5 months after its creation, MSPB's initial request for supplemental funding was denied, causing it to restrict expenditures to avoid a deficit situation. On May 18, 1979, MSPB announced a freeze on hiring, procurement, and travel.

All six new and reorganized agencies had difficulty in obtaining adequate office space during the early stages of re-organization. We were told that the space related problems included overcrowding, inefficient handling of workload, and declining morale. Five of the six agencies had not resolved

INADEQUATE OFFICE SPACE IS
A LINGERING PROBLEM

The Department of Housing and Urban Development transferred 35 administrative positions to FEMA. However, funds were not made available for the positions. This did not prove to be an immediate financial burden because most of the positions were vacant. FEMA sought and obtained additional funding for the positions in the next fiscal year budget request.

--When MSPB was established, many of the vacant positions transferred from the Civil Service Commission were filled at a higher grade level. The average salary of these positions rose from about \$19,000 to \$24,000.

--By dissolving one organization and creating three smaller organizations, certain added costs were incurred from additional overhead and administrative expenses.

--The Civil Service Commission's fiscal year 1979 appropriation was insufficient to cover the transition and startup costs of the new organizations, resulting in such costs being borne by FLRA, MSPB, and OSC.

FLRA's, MSPB's, and OSC's funding also had to be increased because:

OSC also found it necessary to obtain additional funds to fulfill its responsibilities. OSC obtained a supplemental fiscal year 1979 appropriation of \$842,000 and an increase in its fiscal year 1980 budget of \$2.6 million. OSC used the funds to establish a much needed field structure, to respond to allegations, and to make its own investigations into prohibited personnel practices--all of which were required by provisions of the Civil Service Reform Act.

MSPB subsequently received increases totaling \$4.1 million consisting of a \$1.2 million supplemental for the first year and an increase in its fiscal year 1980 budget of \$2.9 million. Also, an additional \$115,800 was transferred to MSPB from OPM to cover insufficiently funded responsibilities transferred from the former Civil Service Commission.

their insufficient and/or fragmented space problems when we completed our review.

FLRA lacked sufficient space for its personnel throughout its first year of operations beginning in January 1979. After devoting considerable time and effort in negotiating with GSA, many difficulties persist. At present, headquarters personnel are still temporarily located at OPM, Department of Labor buildings, and two other Washington, D.C., locations. Regional personnel were operating out of the Department of Labor's field offices for a good part of the first year.

We earlier reported that the lack of adequate headquarters and regional space and the resultant dispersal of staff seriously affected FLRA's ability to carry out its responsibilities. This resulted in:

--Staff spending considerable time commuting between office locations.

--Insufficient space in some offices for professional staff and the reluctance to fill certain vacant personnel slots because there was no space for additional staff.

--Delays in purchasing and setting up necessary new equipment, research, and reference materials.

--Inefficient handling of workload.

--Morale problems resulting from the physical separation of supervisors and subordinates.

In a March 23, 1979, letter to GSA, MSPB listed numerous problems and complaints it had with its existing headquarters facility and requested assistance in obtaining alternative office space. MSPB commented that the problems were of such magnitude as to seriously inhibit the initial operations of MSPB and OSC. These problems included

--Lack of hearing room facilities, conference rooms, and library space;

--Lack of security necessary for MSPB and OSC to hear sensitive cases and conduct investigations; and

--Inadequate electrical wiring, heating, and cooling systems.

GSA did not approve MSPB's request for alternate office space, but it did consider rehabilitating the existing facilities.

Regional office space is still a problem. As of December 31, 1980, EEOC had acquired only 214,000 square feet out of a total

Most of the headquarters office space problems lessened when EEOC received additional space in the Washington metro- politan area in September 1980, over 2 years after reorganization plan approval in May 1978. The Philadelphia leased space was subsequently vacated and the functions moved to the newly ac- quired offices.

EEOC experienced space shortages in both headquarters and regional locations. Insufficient office space in Washington, D.C., led to leasing space in Philadelphia in January 1979 to process a substantial backlog of review and appeals function cases. Supervisory personnel based in Washington were sent to supervise Philadelphia employees.

--extra costs involved in traveling and operating a mail system between each building.

--a need to establish administrative coordination among the different locations by placing an administrative officer at each Washington site; and

--feelings that individual offices are semiautonomous, thus making it difficult to establish an agency identity;

--inadequate interaction among personnel in the different locations, causing a lack of coherence and a feeling of disunity among staff members;

A FEMA official said that insufficient office space and the resultant dispersal of personnel has led to

quarters will be consolidated into one location. Although OMB assisted FEMA in obtaining about 55,000 square feet of office space near the White House, FEMA's headquarters is spread out in seven different locations in the Washington, D.C., area. FEMA presently has no official indication when its head- quarters will be consolidated into one location.

At MSPB's request, GSA eventually surveyed the space re- quirements for existing and approved staffing levels of MSPB and OSC. The survey, completed in October 1979, showed that the available office space was not adequate for the approved staffing levels. However, current plans will not allow MSPB and OSC to move to new office space until June 1981, almost 3 years after reorganization plan approval.

However, MSPB questioned the wisdom of expending hundreds of thousands of dollars to renovate space which it believed was in- herently deficient.

requirement of 290,000 square feet. EEOC officials told us that this shortfall resulted in personnel

--having to move to different locations from the main office and

--doubling up in offices meant for one person.

IDCA had sufficient office space to meet its needs. However, there was considerable discussion whether to house IDCA in the Executive Office Building, the State Department Building, or in a separate building. As of February 1981, 19 months after the reorganization plan's approval, IDCA was still housed in temporary quarters at the State Department.

Insufficient government owned or privately owned lease space is the major reason for the long delays in providing permanent space for new and reorganized agencies. We found in an earlier study ¹/ that the following factors also contributed to the delays:

--Lessor reluctance to accept a government lease.

--Congressional moratoriums on approval of requests for lease space.

--Lack of responsiveness by GSA in leasing new space.

--High turnover and inexperience of GSA staff.

--Agency unfamiliarity with GSA regulations and procedures.

A GSA official informed us that problems in obtaining office space for new and reorganized agencies could be lessened if high level GSA officials were directly involved in the early planning stages for the reorganizations.

MOST AGENCIES EXPERIENCED DELAYS IN ESTABLISHING SUPPORT FUNCTIONS

Four of the six agencies we reviewed experienced difficulties in establishing administrative support functions. FLRA, MSPB, OSC, and FEMA experienced delays of from 13 to 29 months in setting up these support functions.

Many of the vacant positions transferred to FLRA were used to create administrative and support functions which were previously

¹/Delays in providing Office Space for the Merit System Protection Board and the Federal Labor Relations Authority" (LCD-81-14, Dec. 5, 1980).

The pervasiveness of these agencies' startup problems casts serious doubts on the adequacy and effectiveness of implementation

The magnitude of such problems had adverse impacts on the productivity of the new and reorganized agencies. Much time and effort were devoted to obtaining sufficient staff, funding, office space, and support functions. Such efforts distracted agency officials from concentrating on their new missions during the first year of operations.

Startup problems under any reorganization are inevitable. However, we believe the problems experienced by these six agencies were unnecessarily excessive.

All six new and reorganized agencies included in our study experienced substantial problems during their initial periods of reorganization. These problems included delays in obtaining key agency officials, inadequate staffing, insufficient funding, inadequate office space, and delays in establishing support functions.

CONCLUSIONS

FEMA had many difficulties in developing accounting, budgeting, and payroll systems. For example, the transfer of insufficient accountants hindered establishment of FEMA's accounting system. We were informed that the FEMA budgeting, accounting, and payroll systems were not finalized as of February 1981, 29 months after the reorganization plan's approval.

By the end of fiscal year 1979, 13 months after reorganization plan approval, MSPB and OSC had established administrative capability to perform all support functions except for payroll and accounting services. Lack of funding has forced MSPB and OSC to rely on OPM for these services.

In the initial months of operation, MSPB and OSC did not have the capability to provide full administrative support to their headquarters and field operations and therefore had to rely on OPM for payroll, personnel, accounting, and certain other support services. Staff needed to perform these functions were not transferred from the former Civil Service Commission.

Although some of these administrative functions were initially stated by FLRA, it continued to rely heavily on OPM and the Department of Labor for some of these functions until October 1980, 26 months after reorganization plan approval. At that time, FLRA established its own administrative support system and contracted for automated accounting and payroll services from the Department of the Interior.

planning for the reorganizations. Such planning is the focus of the following chapter.

CHAPTER 3

REORGANIZATION STARTUP PROBLEMS

COULD BE IMPROVED BY MORE EMPHASIS

ON IMPLEMENTATION PLANNING

OMB devoted substantial time and resources to developing reorganization plans for review by the President and ultimately by the Congress. Although OMB often exerted substantial effort in assisting new and reorganized agencies, implementation of plans did not receive the same priority or visibility as re-organization plan development. We believe earlier planning and the establishment of interagency task forces for implementation could have reduced the substantial startup problems discussed in chapter 2.

According to one author, the lack of emphasis on the mechanics of implementing reorganizations is not uncommon:

"For reorganization, as for any other change, implementation is the bottom line. Without it, the whole exercise is show and symbolism. Yet in real-life attempts at reorganization, serious concern with implementation is typically too little too late. Enormous attention is devoted to analyzing and deciding what changes should be made. The problem of getting from here to there is addressed only belatedly. To paraphrase Erwin Hargrove, implementation often seems the "missing link" of reorganization." I/

This "missing link" of reorganization could be provided, in part, by including in the reorganization plans front-end implementation planning objectives. We also believe high level inter-agency implementation task forces should be established to obtain early commitments from all Federal agencies which have impacts on implementing reorganization plans.

I/M. Destler, "Implementing Reorganization," in Federal Reorganization: What Have We Learned? ed. Peter Szanton (Chatham, N.J.: Chatham House Publishers, 1981), p. 155. Mr. Destler is a senior associate at the Carnegie Endowment for International Peace and is project director on Executive-Congressional Relations in Foreign Policy.

OMB'S "CONCEPTUAL" REORGANIZATION
PLANNING OVERSHADOWED IMPLEMENTATION
EFFORTS

The Carter Administration's reorganization planning efforts were centered in OMB's "President's Reorganization Project" (PRP). The PRP was a highly structured institutional effort to develop and advance the consolidation of Federal agencies and functions. The PRP's mission was to assess existing Federal policies and programs, propose reorganizations, and advance the proposals through the Congress.

The PRP was comprised of five divisions organized by issue or function: Natural Resources, Human Resources, Economic Development, International and Military Affairs, and General Government. A sixth study area was established but operated as a special task force focusing on civil rights. We were told that over the life of the PRP, about 1,200 different people from inside and outside the Federal Government were intermittently involved in reorganization planning efforts. At one time, maximum staffing reached over 200. An OMB core group of up to 32 staff members coordinated planning activities.

Final products of the PRP effort included 16 studies proposing major reorganizations. The PRP also planned and prepared, for the President's submission to the Congress, nine reorganization plans to be carried out under the Reorganization Act of 1977 (the 10th reorganization plan was prepared by the White House staff).

These reorganization plans, and the accompanying presidential messages, detailed the purpose of the reorganization, the affected policies and programs, relevant statutes, organizational structure, and Executive orders or legislative proposals needed to complete the reorganization. As part of the reorganization plan, the PRP also included supporting information elaborating on the purpose and components of the plan.

The PRP plans and supporting information did not address the administrative and operational requirements to implement the proposed reorganizations. For example, factors such as the availability of sufficient office space or the time and cost required to establish support functions were not actively considered until the Congress approved the plans.

Another group in OMB, the Management Improvement and Evaluation Division, had primary responsibility for reorganization implementation. In contrast with the more formalized, structured nature of the PRP, OMB's implementation efforts were customized to fit the unique nature of each reorganization.

OMB began its implementation planning near the time of congressional approval of the President's reorganization plans. For

We believe that including the general framework for required implementation action in the reorganization plans that are sent to the Congress would expedite implementation. Addressing issues of staff, funding, office space, and administrative support function requirements at this time would precipitate earlier problem resolution and establish accountability for obtaining these requirements by the effective dates of the reorganizations or as soon thereafter as practicable. The objective of the earlier implementation planning would be to have sufficient resources and support functions available on "day one" of the reorganizations so that severe administrative problems would not distract the reorganized agencies' managers from their new missions and responsibilities.

EARLIER IMPLEMENTATION PLANNING
WOULD EXPEDITE IMPLEMENTATION

OMB-approved determination orders are required before the effective dates of the reorganizations. Because of losing and gaining agency disputes, determination orders had not been completed by the effective dates of the FEMA and IDCA reorganizations.

A second role played by OMB (as described in the OMB Budget Examiner's Handbook) was the budget examiner's oversight responsibilities for developing a determination order. This document authorizes the transfer of funds, staff, property, and records affected by the reorganization plan. The losing and gaining agencies played the dominant roles during the determination order process. The OMB budget examiner served as a mediator during disputes.

Depending on the complexities of the reorganizations, OMB decided how many OMB staff would be involved and whether there was a need to detail staff from other Federal agencies to obtain technical expertise. For example, three OMB staff members and detailees from OPM and the Department of Housing and Urban Development played active roles in the management of FEMA's implementation. Conversely, OMB only provided an oversight and coordination role without obtaining Federal detailees for the EOC reorganization. Since EOC was an existing agency, EOC had most of the implementation responsibilities.

In practice, OMB played two concurrent roles during the implementation process. First, OMB's Management Improvement and Evaluation Division coordinated the implementation efforts of the new and reorganized agencies. Near the time the reorganization plans received congressional approval, OMB's planning for the reorganization implementation began.

All six agencies experienced problems associated with inadequate office space, including overcrowding, inefficient handling of workload, and declining morale. The shortage of Federal office space is a critical problem, especially in the Washington, D.C., area. However, a GSA official said that GSA could better meet new and reorganized agencies' space requirements if it was

Funding problems occurred under the Civil Service Commission reorganization plan and the Civil Service Reform Act, which became effective within 10 days of each other. The act increased the responsibilities of FLRA, MSPB, and OSC, yet failed to provide necessary funding. The subsequent inability of these agencies to meet their new responsibilities led to work backlogs, supplemental appropriations, and staff increases. This situation could have been avoided if accurate estimates of additional funding requirements brought on by the Civil Service Reform Act's new responsibilities had been prepared by OMB.

In another example of staffing, EEOC experienced substantial case backlogs due to the large number of vacant positions transferred to it which were not filled until 3 to 6 months after the effective dates of the reorganization. An OPM official told us that forward implementation planning could have provided for OPM assistance in earlier recruitment of new employees so that required personnel would have been on board on the effective dates of the reorganization, or as soon thereafter as practicable.

For example, FEMA and IDCA had disagreements with the Department of Housing and Urban Development, the Department of State, and the Department of the Treasury over the numbers of positions that would be transferred. Heads of new agencies like FEMA and IDCA are at a disadvantage when negotiating with more established existing agencies. The FEMA problem was not resolved until 1 month after the effective date of the reorganization, and the IDCA dispute with the Department of the Treasury still has not been resolved. OMB officials did not consider the disputes to be major problems. However, we believe earlier decisions by the losing and gaining agencies on the number of positions to be transferred (or earlier arbitration by OMB when the two disagreements arose) would have led to smoother transitions of responsibilities by the effective dates of the reorganizations.

each of the four reorganizations reviewed, we believe earlier planning for implementation requirements of staffing, funding, office space, and administrative support functions would have identified problems sooner, thus allowing for their earlier resolution. Commensurate with earlier problem identification, contingency plans could have been established for cases where a permanent solution for a requirement, such as office space, could not have been resolved near the time of the reorganization's effective dates.

Delayed selections of top agency officials were a major problem for FEMA and FLRA. The FEMA Director and FLRA General Counsel were not confirmed until 10 months and 11 months, respectively, after their reorganization plans received congressional approval. This led to various startup problems, including

The efforts of OMB staff in planning and administering implementation activities contributed greatly to the effectiveness of reorganizations. The reorganizations we studied would have experienced greater problems without the benefit of the OMB staff's expertise and experience. However, OMB did not have the requisite authority to handle two important components of reorganizations, namely, the selection of high level agency officials and the acquisition of office space.

Earlier implementation planning would establish accountability and a framework for expediting implementation. However, OMB alone cannot fully implement reorganization plans. Specifically, the responsibility for the selection of agency heads and acquisition of office space are within the authority of other agencies and officials.

OMB LACKS AUTHORITY TO FULLY IMPLEMENT REORGANIZATIONS

Including front-end implementation planning objectives in the reorganization plans should help minimize problems in acquiring sufficient staff, funding, office space, and administrative support functions. Such inclusions would also establish accountability for obtaining these requirements prior to the reorganization effective date or as soon thereafter as practicable.

The development of FEMA's administrative support systems proceeded slowly, in part, because there was no agency head for an extended period to make decisions on system design. MSPB's and OSC's insufficient funding led to their continued reliance on OPM for support services. Basic decisions on administrative support system design, cost/benefits of establishing new systems, and the possibility of obtaining support system services from another Federal agency should be made during early implementation planning activities.

FEMA, MSPB, and OSC still have problems with their administrative support systems. FEMA's system is not yet complete and MSPB and OSC are still dependent on OPM. Considerable time is usually required to establish administrative support systems, such as payroll and accounting systems. It is therefore critical that administrative support systems be included on the early implementation planning agenda.

actively involved in the implementation planning efforts prior to congressional approval of the reorganization plans.

To be effective, task forces should be composed of agency heads or other high ranking officials of OMB, the White House Personnel Office, GSA, OPM, and/or the losing and gaining agencies. Task force members would have to commit the involved agencies to key decisions, such as staffing gains and losses, funding requirements, and office space acquisition.

Many of the responsibilities for reorganization implementations were left up to the new or reorganized agencies with oversight and coordination by OMB. When problems arose, such as the need for additional funding or staffing, OMB attempted to provide requested assistance. However, such assistance was not always effective or timely enough to prevent the problems outlined in chapter 2. We believe interagency task forces would alleviate many of these problems.

Because of the multifaceted nature of reorganization implementation, we believe consideration should be given to establishing high level interagency task forces while the reorganization plans are being developed. These task forces should be given planning authority and accountability to better ensure that new or reorganized agencies have sufficient leadership, staff, funding, office space, and administrative support systems necessary to carry out their new responsibilities.

INTERAGENCY TASK FORCES WOULD ENHANCE IMPLEMENTATION EFFORTS

OMB's lack of authority regarding selection of agency heads and acquisition of office space suggests that OMB alone cannot ensure successful implementation of reorganizations. Accordingly, we believe an interagency task force approach, while not a panacea, would facilitate the expeditious implementation of reorganization plans.

A similar situation exists with respect to office space. GSA, not OMB, is responsible for acquiring sufficient office space for new and reorganized agencies. OMB's efforts to encourage GSA to acquire the necessary office space for the new and reorganized agencies were unsuccessful. All six agencies reviewed had initial space problems, and five of them continued to have inadequate office space at the time of our review.

The White House Personnel Office makes selection proposals for agency heads and other high ranking officials. Although selection of new and reorganized agency officials are critical elements of reorganizations, OMB does not have the authority to dictate actions in the White House Personnel Office.

delays in hiring key management staff, organizing field operations, and establishing agency policies, procedures, and regulations.

These task forces should be formed early enough to participate in reorganization plan development. We believe reorganization plans submitted to the President and ultimately by him to

We believe the startup problems identified in our study could be alleviated by including in the reorganization plan front-end implementation planning objectives. We also believe these startup problems demonstrate the need for high level interagency implementation task forces with authority to obtain timely commitments from all Federal agencies which have roles to play in implementing reorganization plans. Task force members should include agency heads or high ranking officials from OMB, the White House Personnel Office, GSA, OPM, and/or the losing and gaining agencies.

Many of the responsibilities for implementation were left up to the new and reorganized agencies. OMB provided a coordination and oversight role during most reorganizations. Such efforts were not always effective, however, in preventing problems in obtaining key agency officials, staffing, funding, office space, and support functions.

OMB devoted substantial time and resources to developing reorganization plans for review by the President and ultimately by the Congress. However, implementation of those plans did not receive the same priority or visibility. We believe earlier planning and the establishment of interagency task forces for implementation could have reduced the new and reorganized agencies' substantial startup problems.

CONCLUSIONS

After a reorganization plan receives congressional approval, the task force should perform more detailed planning and provide oversight for the implementation phase. Specific responsibilities and interim milestones should be established and geared toward the effective date of the reorganization. Technical experts detailed from other Federal agencies could provide such assistance as hiring new employees and setting up such administrative support functions as accounting and payroll systems.

The task forces also should be established in sufficient time to participate in development of the reorganization plans. We believe portions of the plans submitted to the President and ultimately by him to the Congress should provide general descriptions of the framework for implementation. This should help in assuring that sufficient leadership, staffing, funding, office space, and support functions will be available to expediently implement the reorganization plans on or about their effective dates.



the Congress should provide general descriptions of the framework for implementation.

RECOMMENDATION TO THE CONGRESS

We recommend that any future legislation granting reorganization authority to the President require that reorganization plans contain sections on proposed implementation actions. These sections should describe:

--The high level interagency task force or other mechanism established to facilitate implementation activities.

--Actions being taken to assure that, upon congressional approval of the reorganizations, factors such as leadership, staffing, funding, office space, and administrative support functions will be evaluated and planned for so as to expeditiously implement the reorganizations on their effective dates or as soon thereafter as practicable.

Appendix II contains suggested language for revisions to the current act which would implement our recommendation. Similar language also would be appropriate for inclusion in any other reorganization legislation the Congress may consider.

DESCRIPTIONS OF REORGANIZATION PLANS

INCLUDED IN OUR REVIEW

Our review included the reorganizations of the Equal Employment Opportunity Commission, the Civil Service Commission, the Federal Emergency Management Agency, and the International Development Cooperation Agency. The following is a description of these four reorganizations.

REORGANIZATION PLAN NO. 1 OF 1978:
THE EQUAL EMPLOYMENT OPPORTUNITY
COMMISSION

On February 23, 1978, the President submitted Reorganization Plan No. 1 of 1978 to the Congress. This plan transferred the principal activities in equal employment enforcement to the Equal Employment Opportunity Commission (EEOC). Specifically, EEOC obtained enforcement responsibilities for (1) the Equal Pay Act and the Age Discrimination in Employment Act from the Department of Labor and (2) equal employment opportunity functions for Federal employees from the Civil Service Commission (CSC). Also, the plan abolished the Equal Employment Opportunity Coordinating Council and transferred its responsibilities to the EEOC.

The purpose of this reorganization was to make the EEOC the central agency in fair employment enforcement, thereby creating more unified and coherent agency standards and increased accountability. The previous diffusion of equal employment opportunity enforcement caused problems, such as inconsistent compliance standards and enforcement procedures, regulatory duplication, lack of accountability, and added expenses to employers.

The Congress passed Reorganization Plan No. 1 of 1978 in May 1978. The effective date of the transfer of personnel and authority from the CSC to EEOC was January 1, 1979. The transfer from the Department of Labor to EEOC occurred on July 1, 1979.

REORGANIZATION PLAN NO. 2 OF 1978:
THE CIVIL SERVICE COMMISSION

On May 23, 1978, the President submitted Reorganization Plan No. 2 of 1978 to the Congress. This plan, in conjunction with the Civil Service Reform Act, transferred the functions and responsibilities of the CSC to the Merit Systems Protection Board, the Office of the Special Counsel, and the Office of Personnel Management. The plan also established the Federal

This reorganization plan had several fundamental premises. First, since quick and effective action is vital in civil emergencies, all emergency response functions should be supervised by one person who reports directly to the President. Second, a dependable civil defense system must make the most efficient

responsibility over the Emergency Broadcast System. transferred to FEMA by Executive order. FEMA also had oversight preparedness Agency, and the Federal Preparedness Agency were Administration. All authorities and functions vested in the Federal Disaster Assistance Administration, the Defense Civil (now the U.S. Fire Administration) and the Federal Insurance Administration (now the National Fire Prevention and Control Administration Management Agency (FEMA). The agencies consolidated into FEMA to the Congress on June 19, 1978. The plan placed most Federal emergency service functions into the new Federal Emergency

REORGANIZATION PLAN NO. 3 OF 1978:
THE FEDERAL EMERGENCY MANAGEMENT
AGENCY

The Congress approved the reorganization plan in August 1978; it became effective on January 1, 1979.

The Federal Labor Relations Authority undertook the administration of the Federal labor relations program. Its principal duties were to investigate and prosecute all unfair labor practices, establish collective bargaining units, and supervise labor elections.

The Merit Systems Protection Board received full adjudicatory and appellate responsibilities for virtually all employee reviews and appeals. The Office of the Special Counsel, part of the Merit Systems Protection Board, prosecutes violators of civil service rules and regulations and investigates all unlawful personnel practices.

Growing concern over a fundamental conflict of interest within the CSC was the primary reason for this reorganization plan. The CSC's principal function was to carry out all Federal personnel rules and regulations. The CSC also had enforcement and adjudication powers over all personnel related matters. Criticism therefore centered on the agency's lack of objectivity, since it was simultaneously making the rules and acting as the judge and prosecutor in all cases concerning such rules.

Labor Relations Authority to undertake the duties of the Federal Labor Relations Council.

use of all emergency services. Third, elaborate and effective preparation systems must be in place to ensure readiness and a quick response to all natural disasters and military attacks. The Congress approved Reorganization Plan No. 3 of 1978 in September 1978. FEMA began operations on April 1, 1979.

REORGANIZATION PLAN NO. 2 OF 1979:
THE INTERNATIONAL DEVELOPMENT
COOPERATION AGENCY

On April 10, 1979, the President sent Reorganization Plan No. 2 of 1979 to the Congress. Under this plan, the new International Development Cooperation Agency (IDCA) would be established to coordinate the activities of the Agency for International Development, the Overseas Private Investment Corporation, and the proposed Institute for Technological Cooperation.

IDCA assumed three major functions as a result of the reorganization. First, IDCA became the principal Federal agency responsible for economic development issues affecting U.S. relations with all developing countries. The Director of IDCA became the chief advisor to the President and the Secretary of State on all international development matters.

IDCA's second key function was to provide central policy and budget coordination for all development assistance programs supported by the United States, particularly those programs of the United Nations and the Organization of American States. These include the Organization of American States Technical Assistance Funds, the United Nations Development Program, and the United Nations Capital Development Fund.

The third major function of the reorganization was to give IDCA full oversight responsibility for all executive branch decisionmaking on trade, technology, and other economic development policy issues.

The Congress approved Reorganization Plan No. 2 of 1979 in July 1979. IDCA began operations on October 1, 1979.

Suggested Language for Amendment to the

Reorganization Act of 1977, Pub. L. No. 95-17,

91 Stat. 29 (5 U.S.C. §§ 901-912)

"904(6) [Reorganization plans transmitted by the President under section 903 of this title] shall, in addition to the required description of the reorganization proposed, contain a section on plan implementation. In addition to such other information the President deems necessary, this section shall: (a) contain a statement that an interagency task force has been established to plan for implementation of the reorganization; and (b) provide assurances demonstrating that, upon congressional approval of the reorganization, factors such as agency leadership, staffing, funding, office space, and administrative support functions will be evaluated and planned for so as to implement the reorganization on its effective date, or as soon thereafter as practicable. If an interagency task force has not been established, the plan should so state, and provide an explanation of the reasons therefor."

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