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STATEMENT OF  
MILTON J. SOCOLAR  
ACTING COMPTROLLER GENERAL  
OF THE UNITED STATES  
BEFORE THE  
SUBCOMMITTEE ON LEGISLATION AND NATIONAL SECURITY  
COMMITTEE ON GOVERNMENT OPERATIONS  
HOUSE OF REPRESENTATIVES  
ON  
THE PRESIDENT'S REORGANIZATION AUTHORITY

733125

Mr. Chairman, I am pleased to appear today to discuss the subject of Presidential reorganization authority and H.R. 3270.

I am including as appendix I the digest of our recent report on the Reorganization Act of 1977. In reviewing reorganizations at six agencies, we identified what seems to be a fundamental problem in the reorganization process. Substantial time and resources are always devoted to deciding what is to be reorganized; little attention is given, however, to planning the mechanics of how reorganizations are to be implemented.

The lack of early implementation planning results in substantial startup problems distracting agency officials from their new missions during the critical first year of operations. Also, without implementation data, the Congress is not aware of the full impact of reorganization requirements.

Startup problems at the six new and reorganized agencies in our review were severe. It took from 10 to 23 months to obtain key officials at two of the agencies. All six agencies experienced delays from 9 to 30 months in acquiring other needed staff. Three of the reorganized agencies did not have sufficient funds to carry out their new responsibilities and, again, all six had difficulty obtaining adequate office space during the early stages of reorganization. Finally, four of the agencies experienced delays of from 13 to 29 months in establishing administrative support functions. Obviously, much of the expected benefit of reorganization is needlessly lost or significantly delayed under these circumstances.

Many problems of implementation were left for resolution to the new and reorganized agencies. Although OMB did provide coordination and oversight during most reorganizations, these efforts, without the benefit of earlier planning, were insufficient to allow for reasonably smooth transitions. Even so, OMB cannot do the job alone.

There is need for a better mechanism to put approved reorganizations in place. This might be done through high level interagency implementation task forces with authority to obtain timely commitments from all affected Federal agencies. Such task forces should be formed early enough to participate in reorganization plan development and should include high ranking officials from OMB, the White House Personnel Office, the General Services Administration, the Office of Personnel Management, and from other agencies as appropriate.

We believe reorganization plans submitted to the President and ultimately by him to the Congress also should describe the basic administrative requirements associated with reorganizations and the plans for meeting them. To ensure that they do, we recommend that section 4 of H.R. 3270 be amended to require that reorganization plans contain a section on implementation. This section should describe the mechanism established to facilitate implementation activities and the specific actions taken to assure that, upon congressional approval, the requisite leadership, staffing, funding, office space, and administrative support functions will be dealt with expeditiously so as to implement any given reorganization on its effective date or soon thereafter.

Section 4 of S. 893, as approved by the Senate, contains language that is consistent with this recommendation. If approved by the House as well, we believe it will lead to substantial improvements in the reorganization process.

Section 4 of H.R. 3270 and S. 893 also would require that drafts of Executive orders, Presidential directives, and administrative actions required to carry out a proposed reorganization be submitted with the reorganization plan. This would be a step in the direction of fully informing Congress of anticipated collateral actions and other ramifications of a plan. As presently drafted, however, section 4 is subject to varying interpretations, and it contains several definitional ambiguities that could prove troublesome. Rather than directing the transmittal of draft orders, directives, and administrative actions, we recommend section 4 be amended to require an explanation of the anticipated nature and general substance of such orders or directives as the President expects will be necessary to carry out the reorganization.

We would be pleased to work with the Committee to provide whatever additional assistance we can in connection with further consideration of this bill.

COMPTROLLER GENERAL'S  
REPORT TO THE COMMITTEE  
ON GOVERNMENTAL AFFAIRS,  
UNITED STATES SENATE

IMPLEMENTATION: THE  
MISSING LINK IN PLANNING  
REORGANIZATIONS

D I G E S T

The Reorganization Act of 1977, as amended provides the President broad authority to reorganize Federal agencies. The act expires in April 1981. In anticipation of reauthorization proceedings, the former Chairman, Senate Committee on Governmental Affairs, asked GAO to identify:

- What systemic problems, if any, new or reorganized agencies have had in obtaining personnel or support services made necessary by the reorganization. (See ch. 2.)
- How the Congress and the executive branch can avoid or alleviate these problems. (See p. 22.)
- What services may be common to the successful implementation of any reorganization and must be routinely provided by the executive branch to effectively and efficiently carry out the transfer. (See p. 20.)

Due to time constraints GAO limited its review to four reorganizations involving six agencies: the Equal Employment Opportunity Commission, the Federal Emergency Management Agency, the Federal Labor Relations Authority, the International Development Cooperation Agency, the Merit Systems Protection Board, and the Office of the Special Counsel.

NEW AND REORGANIZED AGENCIES  
EXPERIENCED SUBSTANTIAL  
STARTUP PROBLEMS

The six new and reorganized agencies GAO reviewed experienced substantial startup problems. These included

- delays in obtaining key agency officials,
- inadequate staffing,
- insufficient funding,

--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

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

#### RECOMMENDATION TO THE CONGRESS

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.

#### AGENCY COMMENTS

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.