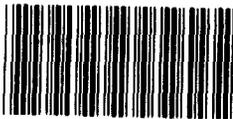


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STATEMENT OF  
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OF THE UNITED STATES  
BEFORE THE  
SUBCOMMITTEE ON LEGISLATION AND NATIONAL SECURITY  
COMMITTEE ON GOVERNMENT OPERATIONS  
HOUSE OF REPRESENTATIVES  
ON  
THE PRESIDENT'S REORGANIZATION AUTHORITY

Mr. Chairman and Members of the Subcommittee:

We are pleased to appear today to discuss the subject of Presidential reorganization authority, and H.R. 1314, a bill to renew the authority which expired on April 6, 1981. In general, we find merit in its several amendments to the previous act, particularly those that provide further assurance that Congress has a full opportunity to give careful consideration to the effects of organizational changes proposed by the President.

I am including as appendix I the digest of our March 1981 report on the Reorganization Act of 1977. In reviewing several reorganizations, we identified what seems to be a fundamental

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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.

Ten reorganization plans were carried out under the Reorganization Act of 1977. We reviewed four affecting six 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.

Startup problems at the six new and reorganized agencies 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. 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.

Startup problems can be alleviated through more attention directed earlier toward planning for implementation. The Office of Management and Budget devotes substantial time and resources in developing reorganization plans for review by the President and the Congress. Implementation requirements of plans do not receive the same priority.

The reorganization plans we reviewed together with accompanying Presidential messages and the supporting information submitted to the Congress covered such matters as the purpose of reorganization, the affected policies and programs, and relevant statutes. The plans and supporting information did not provide the Congress with adequate information concerning administrative and operational requirements. Factors such as the availability of office space and the means for establishing support functions were not actively considered until the plans had received congressional approval.

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 ensure reasonably smooth transitions. Even so, OMB cannot do the job alone. The selection and appointment of agency heads lies within the White House domain and the acquisition of office space lies within the authority of the General Services Administration. Assistance of the Office of Personnel Management would be useful in recruiting for vacant positions and in working out

prearrangements for required detailees from other agencies to establish or augment administrative support systems.

There is need for a better mechanism to put approved reorganizations in place. This might be done through high level inter-agency 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. Reorganization plans submitted to the President and ultimately by him to the Congress should point out the associated administrative requirements and plans for meeting them.

We recommend that legislation granting reorganization authority to the President require that reorganization plans contain a section on proposed implementation actions to be taken. This section should describe the mechanism established to facilitate implementation activities and the specific actions taken to assure that the requisite leadership, staffing, funding, office space, and administrative support functions will be dealt with expeditiously so as to implement any approved reorganization on its effective date or soon thereafter.

The bill under consideration today, H.R. 1314, would renew and extend the President's reorganization authority until December 31, 1984. It would require more information to accompany reorganization plans, and would increase the time for congressional consideration. House bill 1314 would also prohibit the

use of the reorganization authority to create new independent Federal agencies and would modify congressional procedures for approving reorganization plans.

Section 4 of H.R. 1314 would require that drafts of Executive orders, Presidential directives, and administrative actions related to carrying out a proposed reorganization be submitted with the reorganization plan. The provision 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 contains several definitional ambiguities that could prove troublesome. Rather than directing the transmittal of draft orders, directives, and administrative actions, we recommend the provision 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.

The recommendation contained in our report logically supplements section 4 by requiring a separate section on implementation planning as an essential part of each reorganization plan. This section would stress such specific factors as agency leadership, staffing, funding, office space, and administrative support systems. I should note that S. 893, a bill to extend the reorganization authority that passed the Senate in the 97th Congress, contained a provision consistent with this recommendation.

Section 5 would prohibit the renaming of an existing executive department and the creation of a new agency that is not a component or part of an existing executive department or independent

agency. Five of the 10 reorganization plans implemented during the prior administration would not have been possible under the second prohibition precluding the use of reorganization plan authority to create a new independent agency. The Federal Emergency Management Agency, the International Communications Agency, the Federal Inspector for the Alaska Natural Gas Transportation System, the International Development Cooperation Agency, and two new agencies under the Civil Service Commission reorganization--the Federal Labor Relations Authority and the Office of Personnel Management--were created through Presidential reorganization plan authority but would not have been possible under the restriction proposed by H.R. 1314.

Section 3 of H.R. 1314 would make an important change in the process by which a reorganization plan is approved. In addition to extending the timetable for congressional consideration of a plan by 30 days, this section would require a joint resolution of the Congress, signed by the President, approving a plan before it could go into effect. The former provision that a plan could go into effect automatically at the expiration of the fixed period for congressional consideration, without further required action by either House or by the President, would be rescinded.

House bill 1314 is an improvement over the approval process of the previous law. By requiring positive approval of a reorganization plan, confirmed by signature of the President, the proposed approval mechanism is easily defensible on constitutional grounds. At the same time, retention of the features in the 1977 act controlling amendments and providing for automatic discharge

from committee assure the President that his plan will indeed be voted on in both Houses.

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, 20 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.