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To Bob, Richard, Hugh!

THE WHITE HOUSE
WASHINGTON

March 31, 1977

My instructions have not been followed. We have added additional people, doubtful projects, excessive staffs in direct contravention to our agreements in Plains. Give me a

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT LIPSHUTZ

RJF Specific memo to correct this, with time schedule &

With reference to your memorandum of earlier today regarding the newspaper articles concerning the White House staff, I am attaching an up-to-date analysis of both the permanent staff and temporary employees, along with two memorandums which I requested Richard Harden and Hugh Carter to prepare independently. *Staffing levels - I will adopt options when necessary.*

After you have had an opportunity to review these documents, I would like to meet with you personally at your convenience to discuss the matter. *The mail is*

Attachments

understandable, but problem here should be diminishing. Rosalynn's staff change was authorized. As much work as possible must be moved out of the White House - I'm serious. & Very disappointed -

J.C.

Press	66	48	0
First Lady	26	29	11
Public Liaison	22	19	6
Personnel	19	18	0
Congressional Liaison	25	26	9
N. S. C.	1	3	2
Appointments and Scheduling and Advance	34	22	0
Domestic Affairs, Policy, Cabinet & Intergovernmental	30	22	3
Political & Staff Secretary	16	13	3
Budget & Administration	1	4	0
Energy	0	2	0
Drug Program	0	1	0
Special Projects	0	2	0
Miscellaneous	6	1	1
Totals	<u>259</u>	<u>221</u>	<u>36</u>

This proposed allocation would result in a reduction of 38 persons, which is 10 percent.

Based upon January 20, 1977, allocation, the total employees would be 185. This would be a reduction of 74 persons, which is 29 percent+.

PLUS

(B) Detailed, short-term,
Temporary employees and
W.A.E. (work actually
employed)

<u>Correspondence, etc.,</u> <u>(in addition to 119</u> <u>persons which are</u> <u>included in the</u> <u>permanent employee</u> <u>total)</u>	0	122
<u>Personnel (in</u> <u>addition to above)</u>	0	42
<u>Energy (in addition</u> <u>to 2 persons on</u> <u>White House staff)</u>	0	46
PFIAB	5	5
Drug program	0	3
W.A.E.	51	35
All others	27	25
Totals	<u>83</u>	<u>278</u>

Notes: The mail volume now is about 300% of Ford's correspondence, and there has been a very large back-log. If a large discrepancy continues, we would need to retain some of the temporary personnel now working in "correspondence." Regardless, 90 of these 122 people will be released by May 1, 1977.

After the transition phase is completed, it is contemplated that the temporary "Personnel" staff would no longer be needed.

When the Energy Reorganization is approved, the personnel in the "Energy" category would be removed from the White House staff.

SUMMARY OF COMMENTS RECEIVED ON EOP AND
WHITE HOUSE REORGANIZATION PAPERS AS OF 6PM, 6/29/77

WHITE HOUSE STAFFING LEVELS

Hugh Carter

1. Offers suggestions for clarifying personnel figures and definitions.
2. States that the activities of the Special Assistant for Budget and Organization would not be performed in the Central Administrative Unit but would remain with the Special Assistant for Administration.
3. Suggests that a more appropriate assignment for the Director of White House Projects is with the Public Liaison Office rather than the Cabinet Secretary/IGR office.
4. Suggests that the Ombudsman would be more appropriately assigned to Public Liaison Office than to Congressional Relations.
5. Suggests that IOB remain on the White House Staff.

Barry Jagoda

Agrees with OTP recommendation and recommendation concerning Special Assistant for Media and Public Affairs but suggests abolishing the present reporting responsibility to the Press Secretary because it leaves the Administration open to criticism for confusing public relations and policy-making.

Frank Moore

1. Opposes any staff reduction in Congressional Liaison as jeopardizing progress made thus far in establishing good congressional relationships. Cites as factors suggesting the need for a larger CL staff:
 - a. large amount of Administration legislation
 - b. high congressional expectations of the new Administration after eight years of Republican rule
 - c. diffusion of congressional power brought about by recent reforms requires larger CL staff

- d. a reduction in staff would be interpreted by some on the Hill as diminished interest in a good relationship with Congress
 - e. a number of Congressmen have requested that CL staff not be reduced, and some suggest it be increased to increase coordination and communication
2. Does not see how several of his units could perform their functions with a reduction in staff.
 3. Indicates that the proposal to reduce the staff to 15 or 17 persons at a later date was not discussed with him and he believes that the suggestion that the workload will be lighter when people are more familiar with their work is unfounded.

Bunny Mitchell

1. Strongly disagrees with the proposed merger of her office with Intergovernmental Relations as structurally, substantively, and politically inappropriate for the functions performed by her office.
2. Distressed that such a recommendation could be offered after spending so much time with the study team explaining her activities and requirements to do an effective job.
3. Her most frequent cooperative relationships are with the Domestic Policy Staff whereas she spends only 1/4 of her time on IGR activities as D.C. Liaison.
4. "Focus and direction" for her office are not problems and her effectiveness cannot be enhanced by a merger with a singularly focused shop.
5. For routine organizational accountability other than to the President, rationality would dictate that it should be to Eizenstat.

Richard Pettigrew

Offered language to provide a better explanation for the recent creation of the Office of the Assistant to the President (Reorganization).

Jim Fallows

Objects strongly to the elimination of both speechwriter positions. Would object less to elimination of only one speechwriter, and one secretary.

Tim Kraft

Strongly objects to the suggestion of staff reductions in Appointments Scheduling and Advance operation.

Notes that ASA has already sustained one thirty percent cut from Ford Administration number.

Notes that work is highly time-sensitive and visible, and that cuts would substantially hamper performance ability.

EOP REORGANIZATIONRichard Harden

"Quite well done" - suggestions include the following:

1. Suggests a reference in the Summary to the fuller discussion of the policy process management function contained in the full Report.
2. Option 3 appears illogical since it places the President in the position of having to resolve differences among four Assistants all drawing upon the same staff pool.
3. Option 3 also goes against the President's wishes to keep the White House staff as small as possible and related to personal support functions.
4. Option 3 also seems to imply that, although foreign, domestic, economic, and political considerations need to be coordinated, budgetary considerations should not be. They are of equal importance and should be treated similarly.

Charles Schultze

"In general, thoughtful and sound...endorse all suggestions with the following exceptions:"

1. COWPS
 - a. Discussion should clearly state that the proposal to reduce COWPS' staff directly contradicts President's call in his anti-inflation message for an expanded COWPS. Cannot achieve the program's objectives with this staff reduction.
 - b. Discussion of the proposal to abolish COWPS is deficient - no other agency could intervene in regulatory proceedings of another agency.

- c. "Arms-length" stature of COWPS, allowing intervention without appearing to act for the President, cannot be replicated.
- d. Department of Labor could not easily provide independent evaluation of costs of major wage settlements in disagreements with the unions.
- e. COWPS' abolition will deprive President's advisers of capability for industry analysis which cannot be recaptured through token increases in CEA staff.
- f. COWPS has access to corporate data which firms would be reluctant to give another agency closer to the President.
- g. EOP would lose the ability to independently analyze wage and price proposals without COWPS

All of the above should be clearly stated in the memo.

2. CEA Staff Reduction -

- a. It is a mistake to reduce CEA microeconomics staff because of the number of important micro-economic issues dealt with and the need for micro-economic analysis in understanding macroeconomic issues.
- b. Staff reductions now run risk of diminishing effectiveness of the Council and its ability to serve the President.

Zbigniew Brzezinski

"...generally endorses organizational, procedural, and administrative recommendations as they affect national security matters with certain reservations."

1. Option I or II acceptable but concerned about crucial ambiguity in relationship between White House, National Security Adviser, and NSC staff reflected in organizational charts. No organizational structure should be interposed between the White House Office and the President.
2. Strong objection to Option III because it does not take account of complexity of issues confronting Government and President and the size of the foreign affairs/national security bureaucracy, making it impossible under Option III to provide quality and level of support the President expects and requires.
3. Consolidation of the EPG staff within a Policy Support Staff would not fill the need for a coordinating mechanism for international and domestic economic issues.
4. Will need to work closely with the reorganization team during coming months to insure that administrative consolidation does not jeopardize ability to respond quickly to the President or the integrity of the distribution of classified material and the computerized records management system.
5. Must recognize that in some cases involving national security issues, the President's interest could be ill-served by circulation outside the White House of draft decision memoranda.
6. Would appreciate opportunity to review NSC portions of subsequent annexes to the Report.

Jack Watson

1. Opposes having Cabinet memoranda flow through Staff Secretary. Sees problems which would become clear when implementation choices are considered. Problems involve possible delays and duplicative staffing, inadequate knowledge of the Staff Secretary concerning the interests and activities of Cabinet members causing inappropriate routing of staff papers, and confusion between the advisory and "neutral broker" roles of the Domestic Adviser.
2. Offers several specific suggestions to clarify and further delineate the follow-up responsibilities of the Cabinet Secretary in the Report.
3. Suggests participation of Cabinet Secretary/IGR Assistant in the Issue Planning process.
4. Suggests that Cabinet Secretary retain responsibility for supporting Cabinet sub-groups involved in the coordination of the implementation of policy in contrast to the development of policy.
5. Observations concerning EPG seem accurate. It appropriately belongs in the Domestic Affairs Unit.
6. Suggestion that Cabinet Secretary serve as "an alternative senior channel to the President when necessary" is meaningless since any senior staff member can raise policy concerns with the President.
7. Follow-up responsibilities of Cabinet Secretary requires that he be in the center of information flow from Cabinet to the President and be involved in overall development of policy strategy.
8. Offers suggestions for clarifying distinction between White House and OMB responsibilities in IGR area and suggests that Assistant for IGR should have the lead responsibility in crisis management/disaster relief with OMB providing support and that this be addressed more fully in the Report.
9. Suggests that the President be given a choice on the FRC question and presents alternatives for consideration.

Robert Lipshutz

Suggests that the top professional person on the IOB Staff be given a White House assignment, leaving the rest of the staff in the EOP. This gives stature to IOB and protection for classified information. (Submits supporting letters from Thomas L. Farmer, Chairman, IOB)

Thomas L. Farmer

1. Opposes the recommendation of the EOP Reorganization team as: (a) being inconsistent with the President's view of the proper IOB role, (b) unnecessarily complicating the President's relationship with the Senate Intelligence Committee, (c) impairing the Board's ability to advise the President effectively, and (d) threatening the confidentiality of its operation.
2. Urges the retention of IOB in its present status to preserve immunity from congressional intrusion.
3. States that neither the President nor the Board favors an investigative capability for the IOB, preferring to rely on the cooperation of the intelligence community which depends on the community's belief in the fairness and confidentiality of the Board's deliberations.

Si Lazarus

"EOP plan is, basically, just the right thing."

1. Suggests abolition of OSTP and creation of Science Adviser with reduced staff.
2. Announce intention to abolish STR (after current crisis is over) and move it to State or Treasury.
3. Abolish the distinction between the White House Office and Executive Office.



PRESIDENT'S
REORGANIZATION
PROJECT

WASHINGTON, D.C. 20503

April 4, 1977

MEMORANDUM FOR: Advisory and Review Committee,
President's Reorganization Project

FROM: A. D. FRAZIER *ADF*

Attached correspondence is provided as promised.

cc: The Honorable
James Schlesinger

EXECUTIVE OFFICE OF THE PRESIDENT REORGANIZATION TEAM

FIRST INTERIM REPORT OF
THE EXECUTIVE OFFICE OF THE PRESIDENT
REORGANIZATION PROJECT

A Report of
Assumptions, Objective and Criteria

March 30, 1977

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"...if political leaders can understand what is right and fair, devise a comprehensive plan for improvement, and describe to the public clearly what should be done, then even the most far-reaching reforms are possible." (Jimmy Carter on governmental reform, Why Not the Best, 1976.)

1. INTRODUCTION

The reorganization of the Executive Branch is based on the Presidential goals of efficiency, economy, accountability and openness in government. The project first analyzes the Executive Office of the President for two reasons:

- ° To insure that the functions and activities of the Executive Office of the President effectively support the President in achieving his goals and carrying out his responsibilities.
- ° To subject the President's household to the same rigorous examination that will be applied to other agencies and departments in the Executive Branch.

The first principle in such an effort is that the functions of the Executive Office must fit the organizational needs, the policy priorities and the personal operating style of a particular President. But a number of more general assumptions, objectives and criteria provide useful starting points.

2. ASSUMPTIONS UNDERLYING THE REORGANIZATION

In analyzing the Executive Office of the President, certain assumptions must be made about the present structure and potential improvements. These assumptions are:

- 2.1 An "Executive Office of the President," extending beyond White House staff assistants, is necessary to assist the President in achieving the goals and objectives of his Administration, and in carrying out his legal responsibilities. Thus, the Executive Office of the President consists of "a logically consistent subject for reorganization" as defined by the Congress.

2.2 The existing structures and functions of the Executive Office of the President are an inheritance from the past. They are a result of the goals and management styles of past Presidents and the emergence of national and international problems. The Executive Office of the President, as currently structured, may not reflect the objectives, the management style, and other needs of the President.

2.3 The composition of the Executive Office of the President may change from time to time. Functions or units currently within the Executive Office of the President may be unessential or need not be performed within the Office.

2.4 A team of management and organizational specialists, working closely with incumbent staff and with inputs from recognized experts in government reorganization, the Congress and the public, can develop an organizational structure that meets the President's objectives.

2.5 Reorganization should result in more effective use of resources (people, time, money) within the Executive Office of the President.

2.6 The Executive Office of the President can and should reflect the highest principles of open and responsive government.

2.7 The departments and agencies of the Federal Government can gain both direction and initiative from improved effectiveness of the Executive Office of the President.

2.8 Congress has a legitimate interest in seeking a more effective organization of the Executive Office of the President.

2.9 The following are tasks which may appropriately be performed, in some organizational structure, within the Executive Office of the President:

1. Identifying issues requiring Presidential attention or decision.

2. Evaluating alternative courses of action and possible consequences.
3. Presenting information in the form of options for Presidential decision making.
4. Coordinating and resolving conflicts among the policies and activities of various organizations within the Executive Branch.
5. Providing independent appraisal of costs and benefits of actions proposed to the President by others.
6. Disseminating Presidential policy and guidelines, and assessing adherence to Presidential decisions.
7. Monitoring implementation of Presidential policy and instructions.
8. Assessing the results of Administration policies and actions.
9. Facilitating communication with the Congress and the public.
10. Providing the President with specialized expertise, and direct personal and administrative support.

3. OBJECTIVES OF THE REORGANIZATION OF THE EXECUTIVE OFFICE OF THE PRESIDENT

The reorganization of the Executive Office of the President must be aimed at achieving a well-defined set of objectives. These objectives are:

- 3.1 Establish within the Executive Office of the President only those organizational and staffing requirements needed to support the President.
This objective will be met by:

- a. Reviewing the many organizational and staffing requirements needed to support the President.

b. Determining which existing functions within the Executive Office of the President should remain, maintaining only those functions required by the President and which cannot be performed better elsewhere.

c. Developing an appropriate organizational structure for the Executive Office of the President.

d. Establishing a means for periodic review, recognizing that needs and priorities will change.

3.2 Design a more efficient and effective organization. This objective will be met by:

a. Determining the proper assignment of unit responsibilities.

b. Establishing a management system to facilitate the flow of information and decisions.

c. Improving planning and evaluation capabilities.

d. Simplifying the coordination, advisory, and administrative support functions.

e. Establishing a follow-up and reporting system for Presidential review.

3.3 Increase the efficiency and economy of operations. This objective will be met by:

a. Identifying duplicative or overlapping functions or tasks.

b. Clarifying the responsibilities of each function and suggesting ways for delegating and directing work.

c. Standardizing common operations (printing, mail-handling, etc.)

d. Assessing the value of specific activities in terms of their costs.

3.4 Promote open and responsive government.
This objective will be met by:

- a. Insuring the consideration of public input to the decision making process.
- b. Considering the needs of State and local government and the effect of Federal action upon them.
- c. Encouraging increased public awareness of the functions of the Executive Office of the President in achieving the goals and objectives of the President.
- d. Establishing clear accountability for all actions and delegating appropriate authority to meet responsibilities.

3.5 Insure that the coordinating mechanisms in the Executive Office of the President support the President's desire for a strong collegial role for the Cabinet.

3.6 Insure that the coordinating mechanism in the Executive Office of the President promotes the integration of Foreign and Domestic Policy.

4. REORGANIZATION CRITERIA

Based on the Project objectives, four sets of criteria are being developed. The following are examples of some initial thoughts. These will be elaborated on or modified as the study progresses.

4.1 Criteria for Inclusion or Exclusion of Functions

- a. Function is required for resolution of conflicts between departments/agencies.
- b. Function is required for implementation, follow-up, or evaluation of major Administration initiatives.

- c. Function is required for impartial data collection and objective issue presentation for the President and Vice President.
- d. Function is a required form of close support for other essential Executive Office of the President entities.
- e. Function cannot be better performed elsewhere.

4.2 Criteria for Organizing Functions

- a. Are unit responsibilities clearly defined?
- b. Is there unnecessary layering (too many intermediaries)?
- c. Are resources consistent with organizational needs?

4.3 Criteria for Evaluating Management Effectiveness and Efficiency

- a. Does a recognized set of priorities exist for allocating resources?
- b. Are channels of communications clearly defined?
- c. Are the objectives of the organization worth the investment of people, time, and money?
- d. Is the investment justified by the quality, quantity and timeliness of the work effort?

4.4 Criteria for Evaluating Openness and Responsiveness

- a. Is there sufficient congressional and public awareness of the activities of the President and his Executive Office?
- b. Is there sufficient congressional and public input to the decision making process?
- c. Does the operation of the Executive Office of the President generate public trust and confidence.

4.5 Utilization of Criteria

Criteria will be used by Project team members as a guide for the types of information to be collected and in the subsequent analysis of that information.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 29, 1977

MEMORANDUM FOR THE PRESIDENT

Subject: Executive Office Reorganization and White House
Office Staffing Levels

I transmit two reports for your review: (1) Reorganization of the Executive Office of the President, and (2) White House Office Staffing Levels. This memorandum summarizes the findings and recommendations of each report and proposes next steps for your further review and implementation.

Reorganization of the EOP

1. Overall EOP Structure

The team finds that a number of functions within EOP do not bear a close relationship to the President's work and do not require an EOP home for their effective performance. Many of these activities are in offices that handle specialized policy areas. To streamline the Executive Office and concentrate its work on Presidential priorities, the team presents three organizational options.

Option I

Modify current structure; eliminate inactive units and Office of Telecommunications Policy; concentrate on removing non-essential functions from the rest. (13 EOP units would remain, compared to 18 on January 20.)

Option II

Eliminate most separate specialized staffs that deal with limited areas of policy; i.e., those removed in Option I plus Council on Environmental Quality, Council on Wage and Price Stability, and Office of Drug Abuse Policy. Under this approach, there would

be ten separate EOP staff units: White House Office, Office of the Vice President, three policy management units (Office of Management and Budget, National Security Council, a renamed Domestic Council), two specialized advisory units (Council of Economic Advisers, Office of Science and Technology Policy), Office of the Special Representative for Trade Negotiations, Intelligence Oversight Board, and a Central Administrative Unit.

Option III

Eliminate all specialized units and create a central EOP policy staff incorporating NSC, DC, CEA, OSTP and Economic Policy Group to manage decision processes and provide economic and other expertise. Under this approach, there would be six EOP units.

The study team recommends the second approach. This would limit specialized advocacy within EOP, and reduce full-time permanent EOP positions from 1,712 to approximately 1,413.

In each case the team recommends the establishment of a central administrative unit in which to consolidate administrative services currently dispersed throughout the EOP.

Background data on the Council on Environmental Quality, the Office of Drug Abuse Policy and the Office of Telecommunications Policy is included in a separate volume. Disposition of these three units may generate controversy.

2. Policy Process Management

The team finds that although the President is well served by many outstanding staff aides, there are limitations in how the overall policymaking system works to support the President on specific issues. These problems relate to the range of choices provided, the quality of staffing, the timeliness of information, and the way in which advice is sought and received from Presidential advisers. To strengthen the decision process, the team recommends:

- a. Establishing Process Rules and Institutions, by
 - 1) Instituting a PRM process for domestic and economic issues;

- 2) Creating an Executive Committee of Presidential Advisers to set priorities among issues and oversee their staffing;
 - 3) Assigning the Assistant to the President (Political Coordination) a more explicit responsibility for coordinating political input to policy issues;
 - 4) Sharing of Presidential decision memoranda on policy issues with Cabinet and EOP advisers most affected;
 - 5) Consolidating the two White House paper circulation systems, and including the OMB Director and the CEA Chairman in the White House circulation list.
 - 6) Building a capacity to review the decision-making process periodically.
- b. Making process management on domestic and economic issues the explicit and primary responsibility of the current Assistant for Domestic Affairs and Policy.
 - c. Merging the Domestic Council and Economic Policy Group staffs under the Domestic Adviser, with the combined unit renamed Policy Support Staff.

These recommendations and supporting documentation are presented in full in the study team's Decision Analysis Report, which is also transmitted for your reference.

White House Staffing Levels

The study team concludes that substantial staff reduction is both feasible and desirable. Current policy/political staff can be reduced by 30 percent below the Ford Administration level of 250; comparable reductions in other White House staffing are possible if the team's proposal to centralize EOP administrative services is adopted.

Next Steps

We are scheduled to meet with you during the morning of July 7th to further explain these recommendations and answer questions. Pending your approval, we will

1. Develop detailed implementation plans.
2. Work with current EOP managers to accomplish these improvements.
3. Assist in developing materials to explain those actions to the press and public.
4. Draft instruments such as revised Executive Orders and Congressional messages.



BERT LANCE
Director

PRESIDENT'S REORGANIZATION PROJECT

Recommendation Memo No. EOP-1

June 29, 1977

ISSUE: Reorganization of the Executive Office of
The President

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INTRODUCTION

This report presents recommendations for improving the operations and structure of the Executive Office of the President (EOP). Following this introduction, we present a series of suggested operational improvements and then describe three organizational options for the EOP and the elements of each.

To provide a frame of reference, we first briefly discuss:

- . The appropriate functions of the EOP.
- . The organization of the EOP today.
- . The findings that have shaped our recommendations for improvement.

Appropriate EOP Functions

The EOP serves as the principal staff institution to the President. As such, it should:

- . Provide day-to-day operational support (e.g., scheduling, appointments) and facilitate Presidential communication to and from the public, the Congress and the news media.
- . Manage the budget and coordinate Administration positions on matters before the Congress.
- . Manage the Presidential decisionmaking processes in a timely, rigorous, disciplined, systematic, and fair manner.
- . Provide staff resources for the President to:
 - plan and set priorities
 - monitor and evaluate progress toward achieving the President's objectives
 - understand and resolve major conflicts among line subordinates
 - manage crises, especially in national security matters.
- . Staff high priority Presidential initiatives.

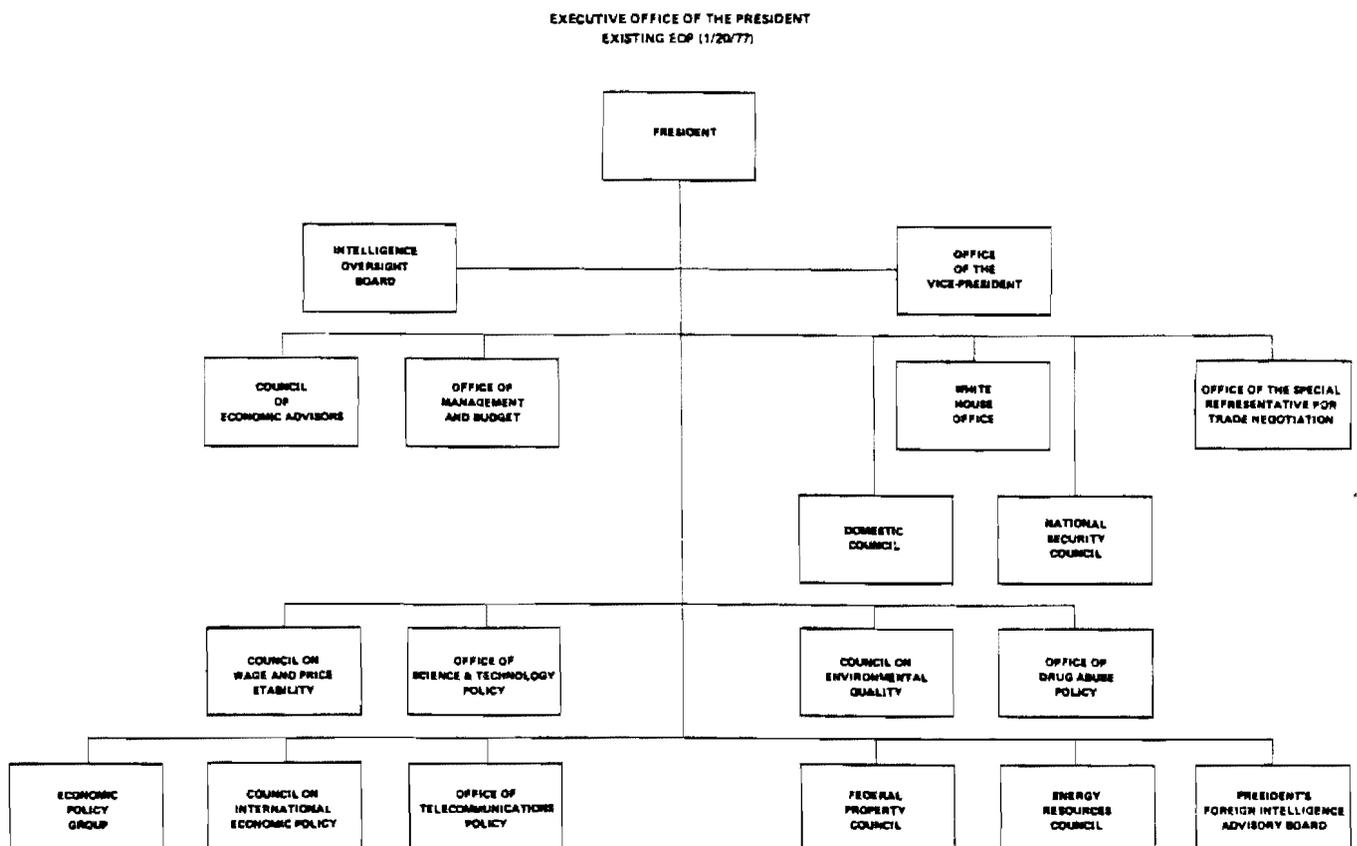
- Provide immediate and personal advice to the President on a wide range of issues including political coordination.

Additionally, the EOP has included selected line functions for which there has been no other natural or appropriate placement.

Finally, Presidents have created EOP units to highlight their concern for and commitment to resolving particular issues and problems.

Current EOP Organization

The President inherited an EOP comprised of eighteen separate organizational entities with 1,655 full-time permanent positions and a shifting number of detailees and special employees. One of them--the President's Foreign Intelligence Advisory Board--has been abolished. Current activities range from the routine (e.g., clearance of agency forms) to the indispensable (e.g., NSC support of Presidential crisis management).



This structure is in no meaningful sense an organization. It is, rather, a conglomeration of units and functions created or placed close to the President at different times for different reasons. A number of units were established by Congress; many have identifiable political or bureaucratic constituencies with a keen interest in their placement and activities; some reflect the priorities of past administrations.

The White House Office concentrates on close personal support, including policy and political advice and administrative and operational services. A detailed discussion of these units and staff levels is found in the separate White House Report. The Office of the Vice President provides similar, though more limited, support to him. OMB's primary mission is to develop and implement the budget; it also carries out a number of management and reorganization activities.

In addition to the Cabinet Secretary in the White House, four EOP units have responsibility for managing policy development processes:

- . Economic Policy Group
- . National Security Council
- . Domestic Council
- . Council on International Economic Policy
(currently inactive)

The other 10 are more specialized offices that offer analysis and advice, participate in policy development in certain areas, symbolize high Presidential interest in certain areas or perform special projects. These are:

- . Council of Economic Advisers
- . Council on Wage and Price Stability
- . Office of the Special Representative for Trade Negotiations
- . Council on Environmental Quality
- . Office of Science and Technology Policy
- . Office of Drug Abuse Policy
- . Office of Telecommunications Policy
- . Intelligence Oversight Board
- . Federal Property Council
- . Energy Resources Council

Findings

This amalgam of units and functions by and large has served the President well, although our fact-finding revealed a number of opportunities for improvement:

1. There are several inactive units that should be formally abolished.
2. Many units perform routine operations and line activities which may be performed more appropriately by other agencies outside the EOP.
3. Functional overlap, duplication, and unclear roles within the EOP have led to jurisdictional disputes among units and principals.
4. Administrative functions are fragmented and vary in the quality and level of support they provide to particular units.
5. There is evidence of some non-directed or self-initiated work that may be highly productive or desirable in some instances, but often leads to jurisdictional conflict, confusion, and lack of accountability.
6. There are inadequacies in the process by which decisions are made and policies developed and refined within the administration. These problems relate to the range of options provided on specific issues, the completeness of staffing, the timeliness of information, and the procedures through which senior advisors convey their views on matters relevant to their responsibilities.
7. There is also insufficient systematic attention to follow-up on Presidential decisions.
8. The EOP should be reviewed again within the next four years. The results of other reorganization activity may affect EOP structure and the President may wish to consolidate further at a later date.

STRENGTHENING PROCESS MANAGEMENT OF POLICY ISSUES

Regardless of any other reorganization actions, the study team believes there is a significant need to improve "process management" in the EOP. The public success of EOP reorganization may well rest on the extent of White House staff reductions and the streamlining of EOP through elimination or consolidation of specialized units. But its impact on matters of greatest importance to the President and the nation may well rest on how effectively it can address the procedural problems in the performance of policy development and coordination functions which clearly belong in the Executive Office.

Process management includes: developing a Presidential agenda of issues and priorities among them; presenting issues and options to the President; drawing on the sources of information and analysis throughout the government relevant to a particular issue; assuring that senior advisers have the opportunity to convey their views on an issue at the most appropriate time; and following up on decisions made.

The study team does not wish to convey a predominantly negative judgment on the performance of these functions. Moreover, there is no perfect, neat, tidy solution for process problems. Presidential policymaking is complex because workable procedures are dependent on effective personal relationships and because any structural and procedural arrangements must respond to competing needs. Nonetheless, the team's Decision Analysis Report, which investigated eight recent policymaking cases, concludes that:

1. The full resources of government have not always been brought to bear on particular issues in a timely manner;
2. The President has not always been presented with a full range of realistic options on an issue, each supported by sufficient staff work;
3. There has not been enough forward planning and priority setting to promote coordination among issues;
4. Procedures have been inadequate to ensure that EOP advisers have the opportunity to weigh in on issues relevant to their expertise and policy responsibilities;

5. There has not been enough systematic staff effort to follow up on Presidential decisions.

More specifically,

1. Presidentially imposed short leadtimes and the intrusion of crises into the EOP decisionmaking process make the development of better process control mechanisms all the more important.
2. Political analysis within the EOP, related both to the Congress and the broader political environment, is not applied to decisionmaking on a systematic basis.
3. Departmental specialists have demonstrated high competence in support of EOP decisionmaking, but their involvement is not consistently included, varying widely across policy areas. Moreover, strong departmental advocacy should be balanced by early interdepartmental review by departments, agencies, EOP units and Presidential advisers, i.e. structured conflict.
4. The Economic Policy Group is not fully effective as currently operating. This has resulted in inadequate staffing of the economic aspects of some issues.
5. Two separate paper circulation processes now exist in the White House Office: the Cabinet and Staff Secretariats. Though the two normally integrate at some point, this often occurs too late in the process. Thus, White House staffing papers may be developed without benefit or full knowledge of departmental positions and vice versa.

These problems highlight the need for greater procedural regularity, and for central policy staffs whose primary task is to manage the process according to accepted process rules. Such staffs need to be the President's preferred channels for handling substantive issues if they are to be effective. They need also to take care that advocacy of particular viewpoints not compromise their objective presentation of alternatives to the President. We have found evidence that this has sometimes occurred, to the detriment of the President's ability to choose. Moreover, this currently appears more likely to happen in domestic and economic policy. In the national security area, the Assistant and his staff operate within a tradition which encourages them to distinguish between the role of conveying views and

information objectively to the President, and the role of giving him personal, confidential advice. The current Assistant for Domestic Affairs and Policy is also generally viewed as fair in his dealings on particular issues. But there is no comparable staff tradition nor set of established procedures to protect the process manager role from competing pressures in day-to-day issues management. Moreover, the Domestic Council staff is viewed by many other policy participants more as an advocacy group, which gives priority to developing and presenting its own views, though it has also sometimes functioned as an "honest broker" in expanding the range of options for the President.

To deal with these problems, the study team puts forward a set of related proposals aimed at regularizing policy procedures and assuring that key staffs will give primacy to the process management role. The recommendations are offered both on the appropriate process rules and on responsibility for implementing them.

Process Rules. The study team recommends the following:

1. Establishment of a PRM Process for Management of Many Domestic and Economic Issues.

Apply the procedure for organizing interagency studies of national security issues to other areas of policy. It should also be modified to involve departments more effectively in the initial definition of problems to be addressed and in the preparation of the Presidential decision and implementation documents.

2. Executive Committee for Issues Planning

Establish an Executive Committee of senior advisers with responsibility for building and continually updating the President's decisionmaking agenda, setting priorities among issues and dealing with interrelationships among them. This would be composed of the OMB Director, the CEA Chairman, and the Assistants to the President for National Security, Domestic Policy, Intergovernmental Relations, Political Coordination, Press, Public Liaison and Congressional Relations. Active participation by the Vice President would strengthen this process; consideration should be given to having him chair this group.

3. Political Input

Strengthen the process for ensuring that the White House provides views to the decision process by expanding the role of the Assistant to the President (Jordan) to include coordination of the various political activities within EOP units. Development of policy options should reflect a detailed assessment of Congressional, interest group, and general public reaction.

4. Sharing of Decision Memoranda

Establish a process rule that decision memoranda prepared by Presidential policy aides should normally be circulated or shown to the Cabinet and EOP advisers most involved (prior to their submission to the President) so that they can judge whether their analyses and views are objectively presented. This will reinforce staff priority to the process management role.

5. White House Paper Circulation

Consolidate the two paper circulation systems. To assure the most timely circulation of both Cabinet and senior White House staff papers, both circulations should be coordinated by the Staff Secretary. Under this recommendation, Cabinet memoranda for the President would flow first through the Staff Secretary who would then forward the submissions to the Cabinet Secretary. It would be the responsibility of the Cabinet Secretary to handle the staffing and circulation of such Cabinet memoranda to other Cabinet members as appropriate. In addition, the "White House loop" for circulating policy papers to the President should be expanded to include the OMB Director and the CEA Chairman.

6. Periodic Review of Process

Consider building the capacity to review the decisionmaking apparatus periodically, through a combination of comprehensive interviews and case study analyses. Presidents historically have been unable to assess systematically the performance of their Office.

Responsibility for Managing the Policy Process. As important as establishing clearer process rules is the need to determine which staffs should have primary process management responsibilities for particular issues. Clearer delineation of this

responsibility will generate more thorough staffing of issues for Presidential decision if the staffs assigned this responsibility give it primacy over other roles. The national security adviser and staff currently exercise such responsibility for foreign policy. The study team proposes that the Policy Support Staff, under the direction of the current Domestic Adviser, have such responsibility for domestic and economic policy.

Alternatively, the President could designate the Cabinet Secretary as the primary process manager outside the National Security Adviser, or retain the current dispersed responsibility. The study team does not recommend either. Problems with the current structure have already been documented; the Cabinet Secretary lacks both the staff resources and day-to-day involvement with the issue development process to manage it efficiently. The Domestic Adviser is the more natural "process manager" because he has sufficient staff and because he already handles substantive issues for the President. The recommended process rules, moreover, should help assure that the Adviser's staff gives priority to the process manager role.

The team also recommends:

1. That responsibility for staffing Cabinet subgroups engaged in substantive policy development be transferred from the Cabinet Secretariat to the Domestic Adviser;
2. That follow-up responsibility for major Presidential decisions be assigned to the Cabinet Secretary, particularly where they relate to his intergovernmental relations (IGR) responsibilities;
3. That the division of responsibility between the White House IGR staff and OMB be clarified: IGR should provide policy leadership and White House communication with State and local government leaders; OMB should implement IGR programs and administer field operations.

The implications of these process management proposals for the Domestic Council and the Economic Policy Group are treated in the section on overall EOP organizational options below.

RESTRUCTURING THE EOP

The study team has developed three broad options for improving EOP structure. All would make the Executive Office simpler than that which the President inherited on January 20. All would provide for placement outside of EOP of functions not requiring an EOP home. All would involve significant reductions in EOP staff. All would require reorganization plan for implementation. All assume the adoption of the study team's recommendations on process management.

Option I modifies the current structure by eliminating inactive units and the Office of Telecommunications Policy. It suggests that most of the active units are useful and should be retained. Accordingly, this option concentrates on eliminating non-essential functions and staff within the remaining units.

Option II incorporates the changes proposed in Option I and eliminates COWPS, CEQ, and ODAP as well. It preserves specialized units only in broad policy areas such as science and economics. The study team recommends this option.

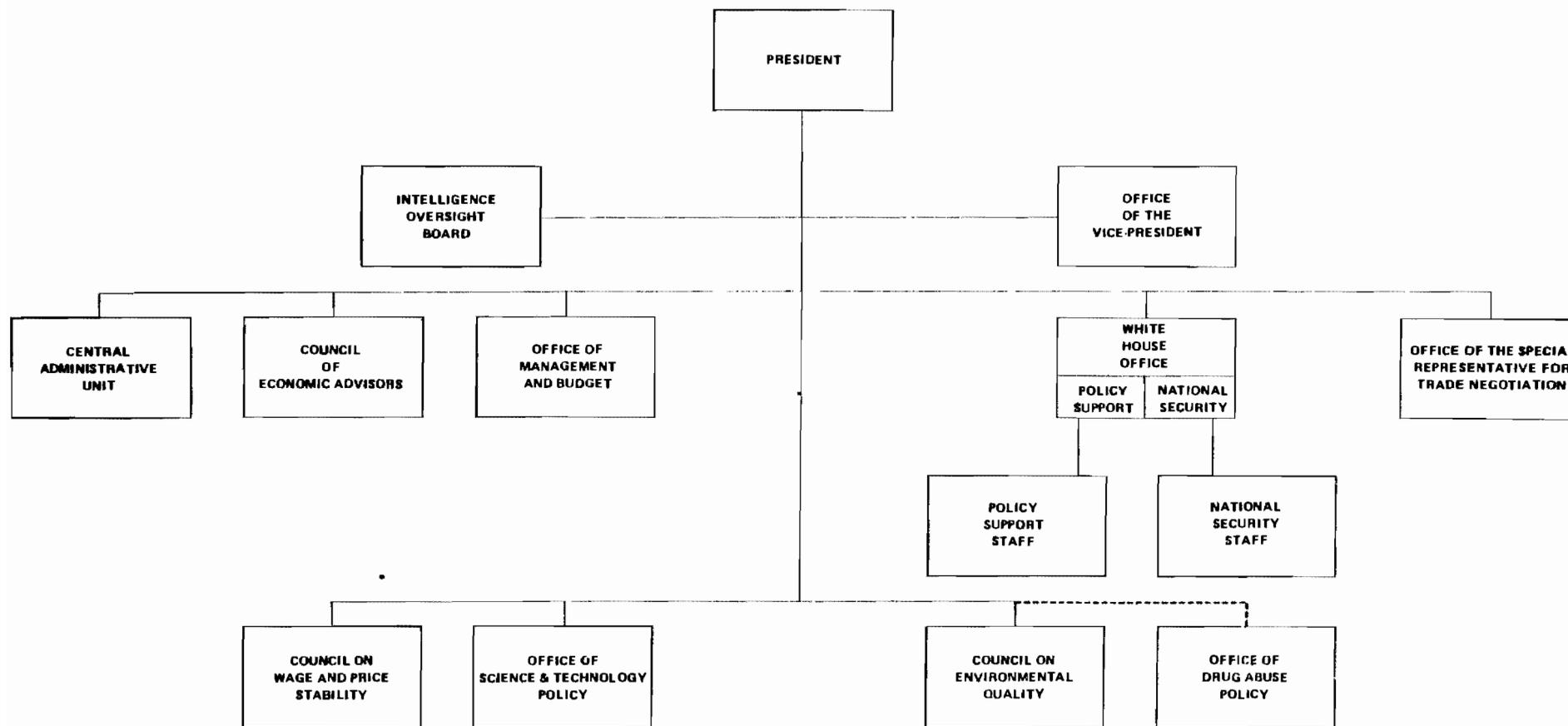
Option III eliminates almost all specialized units and consolidates NSC, DC, CEA, EPG, OSTP in a central Policy Support Staff to manage decision processes and provide economic and other policy expertise. Although structure would change, EOP functions remain as proposed for Option II.

The following table compares the number of units and estimated full-time permanent positions under the three options.

	Ford Levels	Current Levels	Options		
			I	II	III
Number of EOP Units	18	17	13	10	6
Number of Authorized Full-Time Permanent EOP Positions	1,655	1,712	1,473	1,413	1,413
Number of Authorized Full-Time Permanent White House Positions	485	485	340	343	353
Estimated Budget Costs (Annual)	\$75.8M	\$79.1M	\$64.3M	\$59.0M	\$59.0M

The next three pages display organization charts for each option. An analysis of our recommended option, its implications for particular EOP units, and a comparison of its advantages and disadvantages with those of the other two approaches follows the organization charts. The appendices provide more specific information about each option.

**EXECUTIVE OFFICE OF THE PRESIDENT
OPTION I**



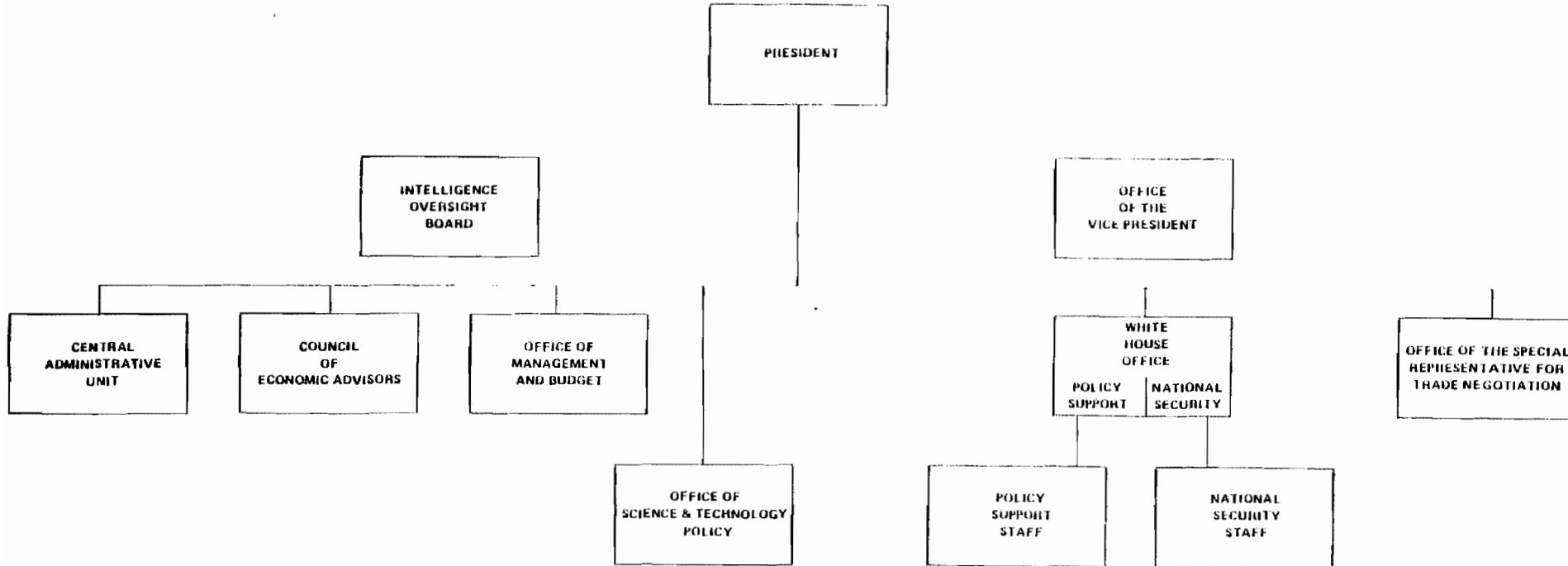
UNITS ELIMINATED:

- ECONOMIC POLICY GROUP *
- COUNCIL ON INTERNATIONAL ECONOMIC POLICY
- OFFICE OF TELECOMMUNICATIONS POLICY
- FEDERAL PROPERTY COUNCIL
- ENERGY RESOURCES COUNCIL
- PRESIDENT'S FOREIGN INTELLIGENCE ADVISORY BOARD
- OFFICE OF DRUG ABUSE POLICY (IN ONE YEAR)
- DOMESTIC COUNCIL *

*STAFF CONSOLIDATED WITH POLICY SUPPORT STAFF

NOTE:
NATIONAL SECURITY COUNCIL AND ECONOMIC POLICY GROUP ARE RETAINED AS CABINET LEVEL COMMITTEES.

EXECUTIVE OFFICE OF THE PRESIDENT
OPTION II



UNITS ELIMINATED:

COUNCIL ON ENVIRONMENTAL QUALITY
OFFICE OF DRUG ABUSE POLICY **
COUNCIL ON WAGE AND PRICE STABILITY

ECONOMIC POLICY GROUP *

COUNCIL ON INTERNATIONAL ECONOMIC POLICY
OFFICE OF TELECOMMUNICATIONS POLICY
FEDERAL PROPERTY COUNCIL
ENERGY RESOURCES COUNCIL
PRESIDENT'S FOREIGN INTELLIGENCE ADVISORY BOARD
DOMESTIC COUNCIL*

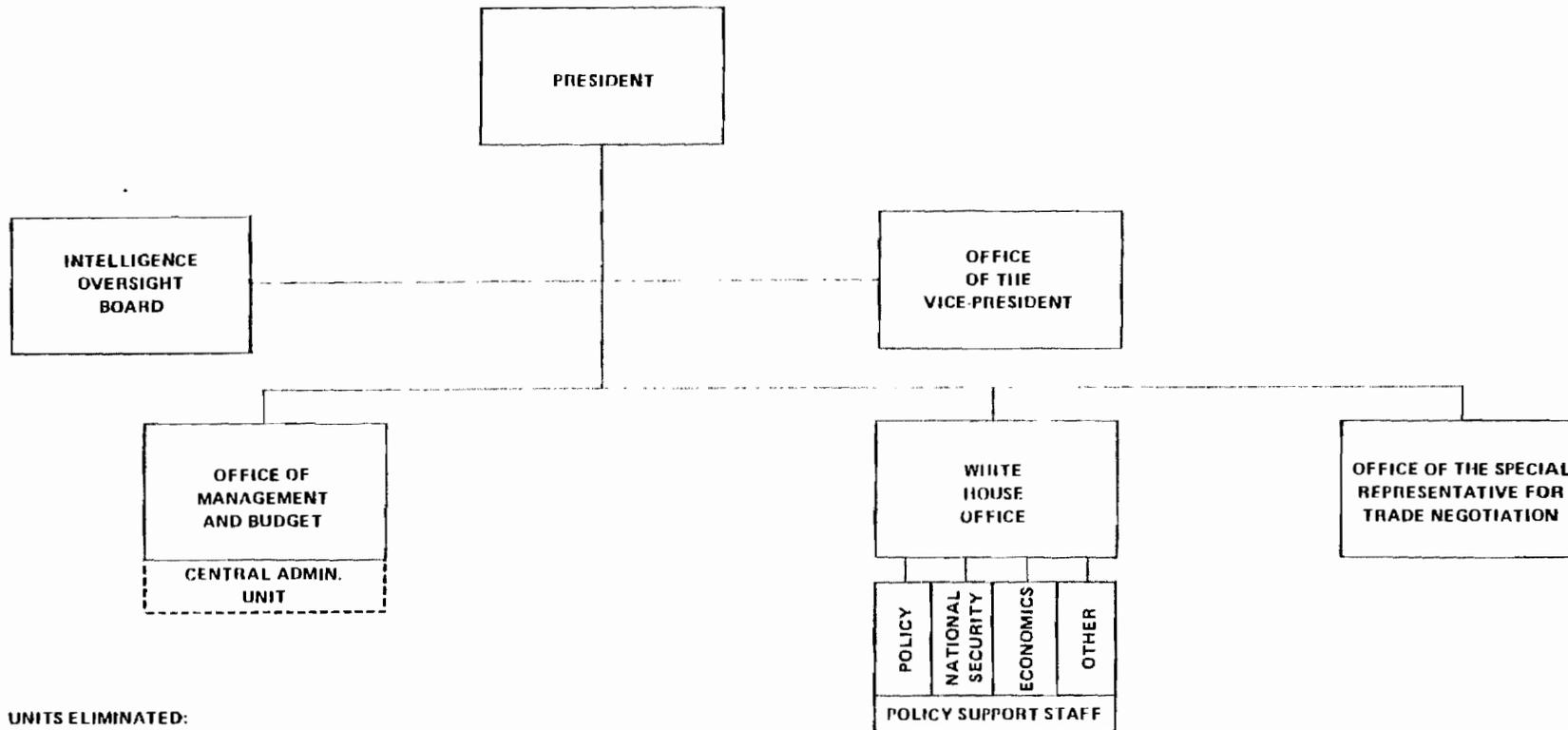
*STAFF CONSOLIDATED WITH POLICY SUPPORT STAFF

**ADVISER ADDED TO WHITE HOUSE OFFICE

NOTE:

NATIONAL SECURITY COUNCIL, ECONOMIC POLICY GROUP AND COUNCIL ON WAGE AND PRICE STABILITY RETAINED AS CABINET LEVEL COMMITTEES.

EXECUTIVE OFFICE OF THE PRESIDENT
OPTION III



UNITS ELIMINATED:

COUNCIL OF ECONOMIC ADVISORS* **
 NATIONAL SECURITY COUNCIL STAFF*
 OFFICE OF SCIENCE AND TECHNOLOGY POLICY* **

COUNCIL ON ENVIRONMENTAL QUALITY
 OFFICE OF DRUG ABUSE POLICY* **
 COUNCIL ON WAGE AND PRICE STABILITY

ECONOMIC POLICY GROUP*
 COUNCIL ON INTERNATIONAL ECONOMIC POLICY
 OFFICE OF TELECOMMUNICATIONS POLICY
 FEDERAL PROPERTY COUNCIL
 ENERGY RESOURCES COUNCIL
 PRESIDENT'S FOREIGN INTELLIGENCE ADVISORY BOARD
 DOMESTIC COUNCIL*

*STAFF CONSOLIDATED WITH POLICY SUPPORT STAFF

** ADVISER ADDED TO WHITE HOUSE OFFICE

NOTE:

NATIONAL SECURITY COUNCIL, ECONOMIC POLICY GROUP AND COUNCIL ON WAGE AND PRICE STABILITY ARE RETAINED AS CABINET LEVEL COMMITTEES.

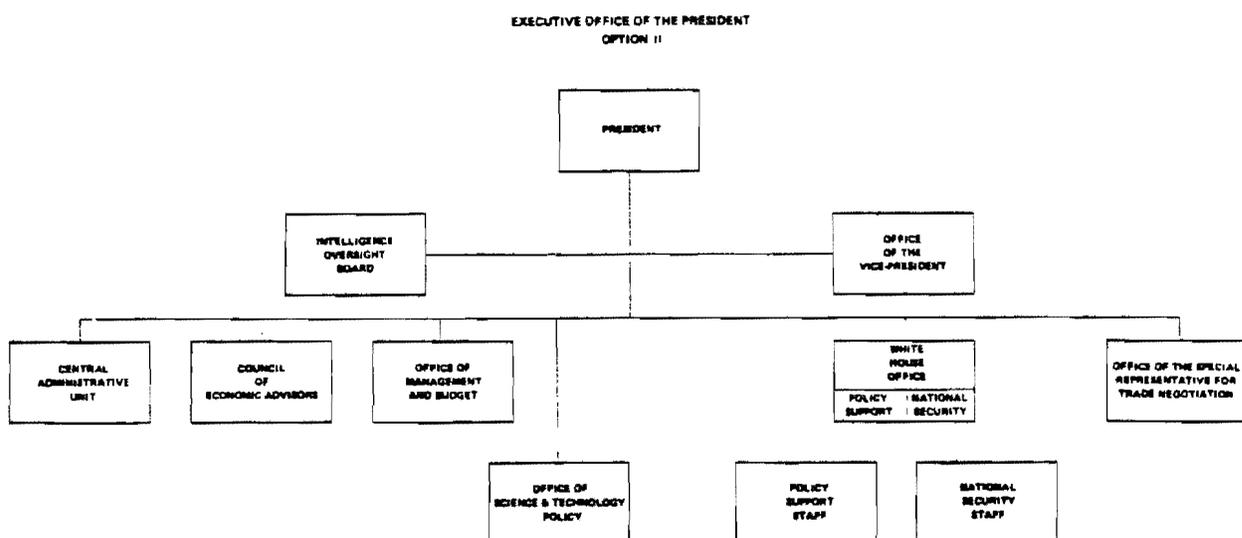
Option II

This option has a more dramatic impact upon the form and functions of the EOP than does Option I but is a less visible change than Option III. The following discussion describes units to be: (1) eliminated; (2) retained but merged with other EOP units; (3) retained but modified, redefined or otherwise changed in function; and (4) created.

Units Eliminated from the EOP

Several specialized staffs inherited by this Administration would be eliminated. These are:

1. Office of Drug Abuse Policy (ODAP)
2. Council on Wage and Price Stability (COWPS)
3. Council on Environmental Quality (CEQ)
4. Office of Telecommunications Policy (OTP)
5. Council on International Economic Policy (currently inactive)
6. Federal Property Council (currently inactive)
7. Energy Resources Council (Department of Energy legislation would eliminate)
8. President's Foreign Intelligence Advisory Board (already eliminated)



UNITS ELIMINATED:

COUNCIL ON ENVIRONMENTAL QUALITY
OFFICE OF DRUG ABUSE POLICY**
COUNCIL ON WAGE AND PRICE STABILITY

ECONOMIC POLICY GROUP*

COUNCIL ON INTERNATIONAL ECONOMIC POLICY
OFFICE OF TELECOMMUNICATIONS POLICY
FEDERAL PROPERTY COUNCIL
ENERGY RESOURCES COUNCIL

PRESIDENT'S FOREIGN INTELLIGENCE ADVISORY BOARD
DOMESTIC COUNCIL*

*STAFF CONSOLIDATED WITH POLICY SUPPORT STAFF
**ADVISER ADDED TO WHITE HOUSE OFFICE

NOTE:
NATIONAL SECURITY COUNCIL, ECONOMIC POLICY GROUP AND COUNCIL ON WAGE AND PRICE STABILITY RETAINED AS CABINET LEVEL COMMITTEES.

Office of Drug Abuse Policy (ODAP) activities overlap with activities of the President's Reorganization Project which logically can absorb drug abuse reorganization functions. A Presidential adviser and two staff members would remain in the White House to assure Presidential awareness of drug issues. The study team concludes that a Presidential adviser could provide the necessary policy advice to the President and provide coordination among separate Federal drug abuse efforts without continuing a separate office.

The Council of Wage and Price Stability (COWPS) carries out such functions as "jawboning," monitoring private sector wage and price actions, conducting studies, and assessing the inflationary impact of Federal regulations. This kind of function is normally performed outside the EOP, particularly in Commerce. COWPS' work is usually self initiated, although it often provides analytic assistance to the CEA.

Under this proposal, all COWPS functions would be transferred to other agencies. "Jawboning" (where necessary) would be assigned to a subcabinet working group chaired by Treasury to be known as the "Interagency Committee on Inflation." CEA could be allowed additional positions to provide analytical backup and draw on departmental wage-price analysis.

COWPS has been highly publicized as a weapon in the Administration's anti-inflation program and eliminating it might appear as a change in direction. The President might choose to retain COWPS but have it report through the CEA.

The Council on Environmental Quality (CEQ) would be transferred intact to the Department of the Interior. This is consistent with the assumption that only those functions relating most directly to Presidential needs would remain within the EOP. Thus, more operational and routine responsibilities are transferred to a Cabinet Department, reinforcing the concept of strong Cabinet government. This option also recognizes the value of having a visible council to address environmental policy issues.

While most of the functions currently performed by the Office of Telecommunications Policy (OTP) can be (or are currently being) performed outside the EOP, it is important that a "neutral home" be maintained to allow dispute resolution; that the President have immediate and informed advice and options on telecommunications and information policy issues when needed; and that to a lesser extent, Congress and others be placated in their desire for direct access to Presidential level decisionmaking. To achieve these objectives requires

only a small staff and no new statutory body within EOP, thus achieving the reductions and efficiencies desirable.

Therefore, we propose to abolish statutory OTP and retain only a small telecommunications and information policy staff headed by a new Associate Director for Communications and Information Policy within the new Policy Support Staff (formerly Domestic Council Staff). This will also require redefinition of the role of the current Special Assistant to the President for Media and Public Affairs. Management of government communications and arbitration of interagency disputes regarding frequency allocation would be transferred to OMB. All other functions (with the exception of developing Presidential policy options) would be transferred to an upgraded office within the Department of Commerce.

In addition to these four units, the units eliminated consist of inoperative or, in the case of President's Foreign Intelligence Advisory Board, recently abolished units. The Council on International Economic Policy and the Federal Property Council have been inactive; the Energy Resources Council is covered under the Department of Energy; and PFIAB was abolished by Executive Order on May 5, 1977.

Units Retained in the EOP, but Merged

A new Policy Support Staff, reporting to the White House domestic adviser, would be formed from the existing staffs of the Economic Policy Group (EPG) and the Domestic Council. This staff would be primarily responsible for managing domestic and economic issues in the policy process system described in the prior section.

Merging the EPG staff with that of the Domestic Council would assist in solving the problems currently created by separation of EPG staff from the two major aides for substantive issues.

The EPG would be retained as a Cabinet-level forum. Its eleven-member Executive Committee would be abolished; a four-agency Steering Committee would be established to plan for EPG meetings and strengthen informal policy coordination. EPG meetings on particular issues would be attended by Steering Committee members plus those cabinet members with strong direct interest in those issues.

EOP Units to be Retained

Seven EOP units are recommended to continue with some modification. They are:

1. Office of the Vice President

2. Office of Management and Budget (OMB)
3. Council of Economic Advisers (CEA)
4. Office of Science and Technology Policy (OSTP)
5. Office of the Special Representative for Trade Negotiations (STR)
6. National Security Council (NSC)
7. Intelligence Oversight Board (IOB)

The operations of the Office of the Vice President reflect the combination of constitutional, statutory, and Presidentially assigned duties that make it unique among EOP units. Because the scope of his interests and assignments covers virtually the entire Presidential agenda, the Vice President requires a staff that parallels the President's in all respects other than size. The office is well run and efficient, already having achieved operating economies wherever possible. Its basic functions should not be changed. However, we do believe that certain of the Vice President's support functions involving accounting, personnel services and supply functions, should be transferred to a centralized EOP Administrative Unit.

The Office of Management and Budget would remain as a separate EOP entity. An internal reorganization of OMB's management arm to emphasize major Presidential initiatives such as zero base budgeting, reorganization, paperwork reduction, and regulatory reform is our most important recommendation.

The most significant structural issue is whether to maintain the Office of Federal Procurement Policy (OFPP) as a separate statutory entity or to abolish it and transfer its functions to the Director of OMB. OFPP and its staff of 27 was created as an outgrowth of the recommendations of the Commission on Government Procurement. It reports both to the President and the Congress and there is substantial Congressional interest in maintaining the current structure. From a managerial standpoint, however, OFPP could be more effective if it were more closely linked to other related OMB functions. Therefore, the study team recommends its staff be reduced to 20 people, that it be redesignated as an OMB division, and that it be abolished as a separate statutory unit.

The strength of the Council of Economic Advisers (CEA) lies in its economic analysis directly relevant to current policy choices. It also has responsibility for presenting objective economic data, macroeconomic forecasts, and analysis of economic trends and their impact on the national economy. CEA analysis currently feeds regularly into Presidential decision-making. Should COWPS be abolished, as is recommended earlier in this report, a small staff with expertise in wage-price analysis should be added to CEA to allow CEA to coordinate

information and analysis of others and advise the President on wage-price issues.

The challenge of the Office of Science and Technology Policy (OSTP) is to structure it so that it can be used effectively by the President. Removing non-Presidential encumbrances would place OSTP squarely in the role of close support. If the OSTP head is consulted by the President and is part of a network of important advisers, the President can ensure himself of the best possible advice on the scientific and technological implications of a wide range of issues.

OSTP should retain only those science and technology functions which provide advice to the President and support policy formulation, budget review, and decisionmaking in other EOP units. The work of the intergovernmental panels should be performed through OMB; the Federal Coordinating Council on Science and Technology would operate as a sub-Cabinet working group; and the reorganization work of the President's Committee on Science and Technology would be placed in the President's overall reorganization effort. Remaining PCST functions and reports should be transferred to the National Science Foundation. OSTP would provide science-related advice and support on environmental and telecommunications policy issues.

This proposal places manageable parameters on OSTP's broadly defined congressional mandate. It places emphasis on "Presidential" functions and promotes specialist expertise capability for input into EOP policy and budget formulation.

If the President wishes to follow this option but consolidate further within it, he could choose to replace OSTP with a personal, non-statutory adviser in the White House.

The Office of the Special Representative for Trade Negotiations (STR) is now operating effectively under a strong trade representative. The Office imposes few burdens on the EOP. The benefits to be derived from transferring the STR functions to another department or an independent agency do not justify either the political costs or the probable loss of STR's effectiveness as a broker of trade interests and as an international trade negotiator. If a later reorganization study concludes that all trade responsibilities should be consolidated, action on STR should be taken at that time.

The National Security Council (NSC) staff has increasingly emerged as a Presidential foreign policy staff, although it also maintains several operational responsibilities, especially in national security crisis management. The

President has already reorganized it and, with the exception of a few non-substantive administrative activities, its staff is fully and usefully occupied. Freedom of Information Act responsibility may be transferred to the State Department resulting in a minimal staff reduction. Establishing a central administrative unit would further reduce this staff. The National Security Council's PRM process represents a useful foundation upon which to develop a sound policy process for both the NSC and the Policy Support Staff. The recommended Policy Staff Management System builds upon this PRM model.

The number of staff provided for the Intelligence Oversight Board (IOB) should be increased to provide staff for field operations, and performance of all of its functions. This proposal is based upon the assumption that the President wishes to enlarge on the investigatory role of IOB and that this can be accomplished at relatively insignificant dollar cost.

We recommend placing the expanded unit in the EOP. The study team is aware, however, that the current IOB members feel the expansion of staff and placement of that staff in a separate EOP unit could compromise the mission the President has assigned to them. If the President wishes to retain the unit with its current mission and staff size, the unit's one full-time staff member could remain on the White House political/professional payroll.

Central Administration Unit to be Created

About 380 (22%) of the full-time, permanent EOP personnel are performing administrative support services in the 17 EOP units. Most EOP entities outside of the White House and OMB are too small to provide comprehensive administrative services internally. They depend upon the White House, OMB, GSA or some other Federal department for these services and sometimes upon more than one of these sources. This results in wide variation in the quality and completeness of administrative services in EOP and in uncoordinated administrative management for EOP as a whole. This has produced numerous service duplications, inconsistent distribution of services (excess capacity in some units and deficiencies in others), missed opportunities for economies of scale, and lack of cost controls.

To address these deficiencies, EOP administrative support operations should be combined into a Central Administrative Unit in EOP to (1) provide support in administrative services that are common to all EOP entities, and (2) provide

technical support and coordination of the ZBB system in EOP. The central unit would be headed by a Presidential appointee reporting to the President or his designee.

The White House Operations staff would be scaled down and retained to carry out only those functions that are considered to be direct support to the President. Each EOP entity outside the White House would retain a minimal administrative capability to perform service liaison with the Central Administrative Unit.

Implementation of this proposal would result in:

- . estimated savings of \$1.4 million and 52 positions;
- . an administrative base on which to develop service innovations, and improved service outreach to EOP users,
- . a management focus for accountability, responsibility and monitoring of administrative services in EOP;
- . a base for an effective EOP budget/planning system through which the President can manage an integrated EOP rather than a collection of 17 separate units.

The EOP study team recommends that the proposed unit be a separate EOP entity because of the need to assure equal access by all other units. Other options--to integrate it into White House administrative operations or attach it to OMB--would not result in a separate EOP unit.

Advantages of Option II

- . Likely to be received by public as major reorganization, since it nearly halves number of units existing on January 20.
- . Establishes principle that specialized units should not be placed in EOP unless case is very strong.
- . Reduces number of units to which President does not directly or frequently relate.

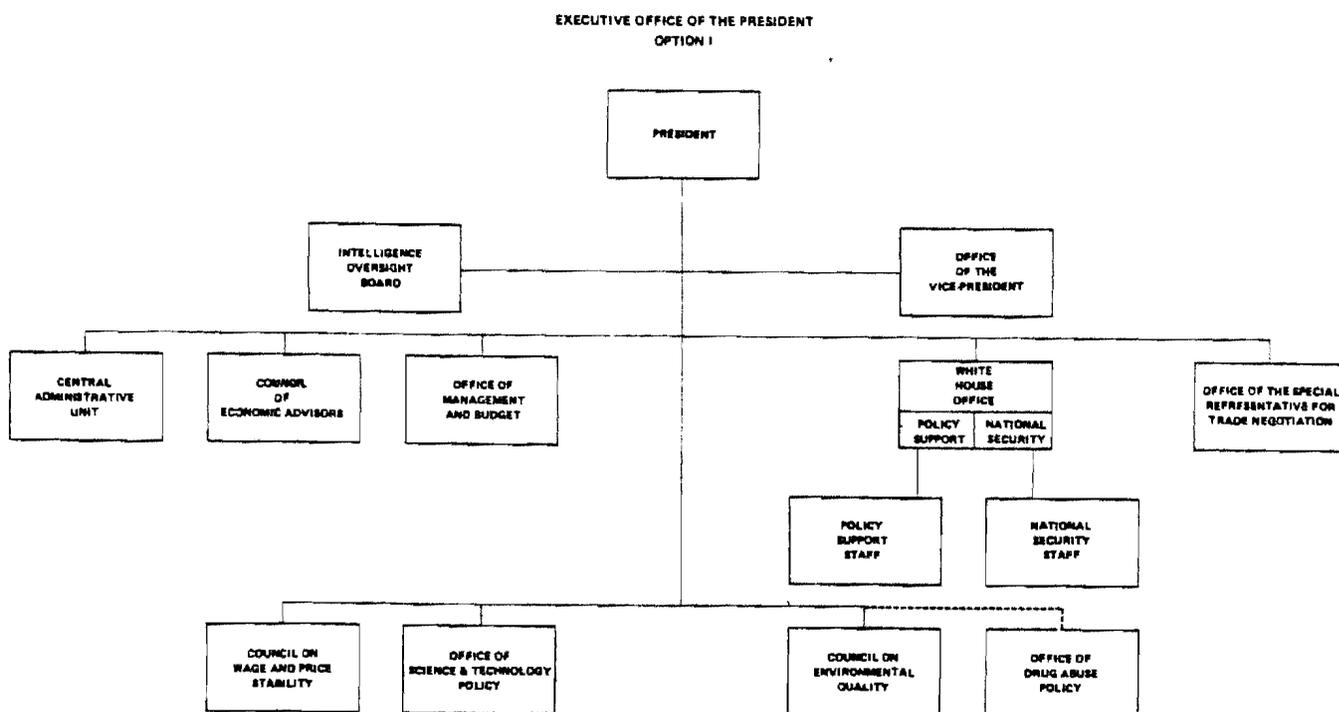
Disadvantages of Option II

- . Would require reversal of previous Presidential decisions on COWPS, CEQ, and ODAP.

- . Would remove from EOP specialized competences in wage-price policy, environment, and drug abuse that President may desire to retain.
- . Would generate substantial resistance from environmental policy community.

Option I

This option is the most conservative of the three and could be followed if the President wished to retain more specialized policy competence in EOP than the study team recommends. It retains the Council on Wage and Price Stability, the Council on Environmental Quality, and the Office of Drug Abuse Policy. It would, however, deny COWPS the increased funds and staff provided for in its supplemental appropriation, and reduce CEQ staff by transferring certain functions (such as detailed oversight of National Environmental Policy Act implementation) to the Environmental Protection Agency. It would also limit ODAP to a life of one year. During this time, ODAP would continue to develop plans for the drug abuse area and complete its mission of making institutional improvements to the current fragmented federal system of addressing drug abuse problems. All other recommendations remain the same.



UNITS ELIMINATED:
 ECONOMIC POLICY GROUP*
 COUNCIL ON INTERNATIONAL ECONOMIC POLICY
 OFFICE OF TELECOMMUNICATIONS POLICY
 FEDERAL PROPERTY COUNCIL
 ENERGY RESOURCES COUNCIL
 PRESIDENT'S FOREIGN INTELLIGENCE ADVISORY BOARD
 OFFICE OF DRUG ABUSE POLICY (IN ONE YEAR)
 DOMESTIC COUNCIL*
 *STAFF CONSOLIDATED WITH POLICY SUPPORT STAFF

NOTE:
 NATIONAL SECURITY COUNCIL AND ECONOMIC POLICY GROUP ARE RETAINED AS CABINET LEVEL COMMITTEES

Advantages of Option I

- ° Maintains specialized staff capacity for wage-price, environmental, and drug abuse policy, if President wishes to emphasize these.
- ° Eliminates functions from particular units that are remote from Presidential needs.
- ° Minimizes Congressional and interest group opposition.
- ° Least disruptive of existing relationships; therefore easiest to implement.

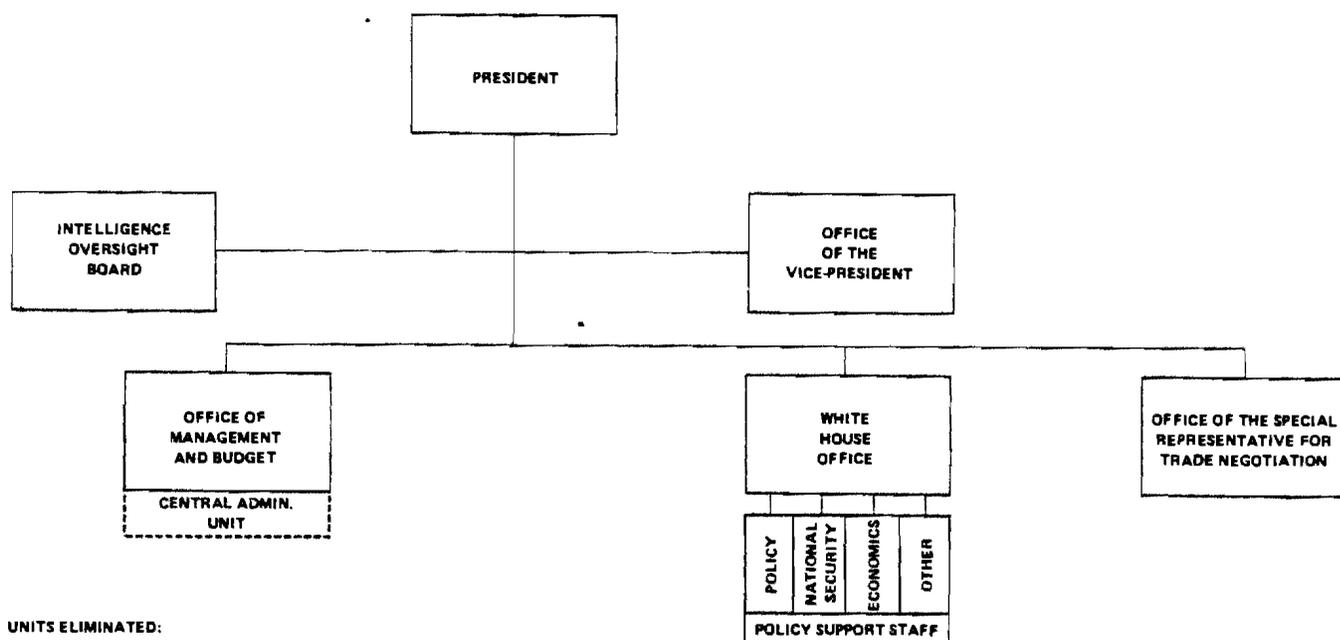
Disadvantages of Option I

- ° Unlikely to be viewed as really major reorganization. (Reforms in process management and transfer of non-essential functions are harder to dramatize than major shifts in organization chart.)
- ° Retains relatively large number of specialized units in EOP, inviting Congress to establish more or attach new functions to current ones.
- ° Would retain several units without significant direct relationships to President fostering self-generated work.

Option III

Option III, the boldest option, would combine the major EOP policy staffs--NSC, DC, CEA, OSTP, EPG--into a single Central Policy Support Staff. Implementing this option would leave six EOP units. Presidential Assistants for National Security, Domestic Policy, Economic Policy, and Science Policy--each with one or two personal advisers--would be located in the White House Office. The current NSC, DC, CEA, OSTP and EPG staffs would be merged into a single unit. The staff would have no single director as such but an Executive Secretary for Administration. Divisions or clusters within the staff would be tasked by each of the four identified Presidential Assistants. Additional Presidential Assistants with narrower jurisdictions could be appointed as Presidential needs require. For example, the President might wish to create an Assistant for Environmental Affairs. The statutory Domestic Council and National Security Council would not be eliminated but redesignated as working groups of the Cabinet. In many ways, this arrangement can be viewed merely as an administrative convenience involving the same staff and advisers as in Option II but funded through a single appropriation.

EXECUTIVE OFFICE OF THE PRESIDENT
OPTION III



UNITS ELIMINATED:

COUNCIL OF ECONOMIC ADVISORS* **
 NATIONAL SECURITY COUNCIL STAFF*
 OFFICE OF SCIENCE AND TECHNOLOGY POLICY* **

COUNCIL ON ENVIRONMENTAL QUALITY
 OFFICE OF DRUG ABUSE POLICY* **
 COUNCIL ON WAGE AND PRICE STABILITY

ECONOMIC POLICY GROUP*
 COUNCIL ON INTERNATIONAL ECONOMIC POLICY
 OFFICE OF TELECOMMUNICATIONS POLICY
 FEDERAL PROPERTY COUNCIL
 ENERGY RESOURCES COUNCIL
 PRESIDENT'S FOREIGN INTELLIGENCE ADVISORY BOARD
 DOMESTIC COUNCIL*

*STAFF CONSOLIDATED WITH POLICY SUPPORT STAFF
 **ADVISER ADDED TO WHITE HOUSE OFFICE

NOTE:
 NATIONAL SECURITY COUNCIL, ECONOMIC POLICY
 GROUP AND COUNCIL ON WAGE AND PRICE STABILITY
 ARE RETAINED AS CABINET LEVEL COMMITTEES.

The Policy Support Staff could be attached to the White House Office or merged with OMB. Merger with OMB would approach the creation of an Office of Planning and Budget. The White House placement appears most logical in light of the staff reporting relationships to White House advisers and the President's expressed desire to avoid concentrating too much authority in one individual. The central administrative unit is attached to OMB in Option III. Alternatively, it could be constituted either as an independent EOP unit or as attached to the White House Office.

This option was developed late in our study and we recommend a full review of its implications if selected. We do not believe that selection of either of the other two alternatives will foreclose later implementation of Option III.

Advantages of Option III

- ° Creates a bold reorganization initiative and precedent.
- ° Could lead to greater interaction of staff members on issues cutting across foreign-domestic economic lines (e.g., energy).
- ° Provides flexibility to add, reduce or reallocate staff resources without creating new units that may develop a bureaucratic life and political constituency of their own.
- ° Offers President a "home" for placing new staffs he decides he needs without creating separate new EOP units.

Disadvantages of Option III

- ° Creates opportunity for substantial initial apprehension by Presidential advisers fearing loss of responsive staff support.
- ° Holding company for separate policy staffs may be regarded as ruse for reducing "boxes" on EOP organization chart and giving appearance of tidiness.
- ° Largest political gamble of the three approaches; would probably generate greatest Congressional resistance. (Would leave only OMB Director and Special Trade Representative as EOP officials who testify on Capitol Hill.)
- ° Could generate role confusion by lumping process management staffs (NSC, DC) together with advisory staffs (CEA, OSTP).
- ° Provides one large, vulnerable target for Congress if it wishes to reduce Presidential staff. May generate misconception that White House staff size has been increased.

PRESIDENT'S REORGANIZATION PROJECT

RECOMMENDATION MEMO NO. EOP-1

REORGANIZATION OF THE EXECUTIVE OFFICE OF THE PRESIDENT

Appendix A - Comparison of Options

Appendix B - Unit Staffing Levels for Proposed Options

Appendix C - EOP Unit Descriptions

COMPARISON OF OPTIONS

SUMMARY

ORGANIZATIONAL UNIT	OPTION I	OPTION II	OPTION III
OFFICE OF VICE-PRESIDENT	RETAIN; TRANSFER SOME STAFF TO ADMINISTRATIVE UNIT	RETAIN; TRANSFER SOME STAFF TO ADMINISTRATIVE UNIT	RETAIN; TRANSFER SOME STAFF TO ADMINISTRATIVE UNIT
INTELLIGENCE OVERSIGHT BOARD	RETAIN; INCREASE STAFF	RETAIN; INCREASE STAFF	RETAIN; INCREASE STAFF
OFFICE OF SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATION	RETAIN; REDUCE STAFF	RETAIN; REDUCE STAFF	RETAIN; REDUCE STAFF
OFFICE OF MANAGEMENT & BUDGET	RETAIN; STRENGTHEN 'M' SIDE; INTEGRATE PROCUREMENT POLICY; ABOLISH OFPP	RETAIN; STRENGTHEN 'M' SIDE; INTEGRATE PROCUREMENT POLICY; ABOLISH OFPP	RETAIN; STRENGTHEN 'M' SIDE; INTEGRATE PROCUREMENT POLICY; ABOLISH OFPP
CENTRAL ADMINISTRATIVE UNIT	ESTABLISH NEW UNIT IN EOP	ESTABLISH NEW UNIT IN EOP	ESTABLISH NEW UNIT, ATTACHED TO OMB
DOMESTIC COUNCIL	BECOMES 'POLICY SUPPORT STAFF' REPORTING TO W.H.O.	BECOMES 'POLICY SUPPORT STAFF' REPORTING TO W.H.O.	BECOMES PART OF POLICY SUPPORT STAFF
NATIONAL SECURITY COUNCIL STAFF	RETAIN; REPORTS TO W.H.O.	RETAIN; REPORTS TO W.H.O.	BECOMES PART OF POLICY SUPPORT STAFF
COUNCIL OF ECONOMIC ADVISORS	RETAIN; REDUCE STAFF	RETAIN; REDUCE FUNCTIONS; ADD SOME COWPS FUNCTIONS	BECOMES PART OF POLICY SUPPORT STAFF
COUNCIL ON WAGE & PRICE STABILITY	FREEZE CURRENT EMPLOYMENT LEVEL	ABOLISH; DISPERSE FUNCTIONS, SOME TO C.E.A.	ABOLISH; DISPERSE FUNCTIONS, SOME TO GENERAL POLICY SUPPORT STAFF
OFFICE OF SCIENCE & TECHNOLOGY POLICY	RETAIN; REDUCE FUNCTIONS	RETAIN; REDUCE FUNCTIONS	ABOLISH; CREATE WHITE HOUSE SCIENCE ADVISER; STAFF TO POLICY SUPPORT STAFF
COUNCIL ON ENVIRONMENTAL QUALITY	RETAIN; REDUCE FUNCTIONS	TRANSFER FUNCTIONS TO INTERIOR	TRANSFER FUNCTIONS TO INTERIOR
OFFICE OF DRUG ABUSE POLICY	RETAIN; PHASE OUT OVER ONE YEAR	ABOLISH; DISPERSE FUNCTIONS, CREATE PRESIDENTIAL ADVISER	ABOLISH; DISPERSE FUNCTIONS, CREATE PRESIDENTIAL ADVISER
ECONOMIC POLICY GROUP	MERGE STAFF WITH 'POLICY SUPPORT STAFF'; RETAIN GROUP AS CABINET COMM.	MERGE STAFF WITH 'POLICY SUPPORT STAFF'; RETAIN GROUP AS CABINET COMM.	MERGE STAFF WITH 'POLICY SUPPORT STAFF'; RETAIN GROUP AS CABINET COMM.
COUNCIL ON INTERNATIONAL ECONOMIC POLICY	ALLOW TO LAPSE 9/30/77	ALLOW TO LAPSE 9/30/77	ALLOW TO LAPSE 9/30/77
OFFICE OF TELECOMMUNICATIONS POLICY	ABOLISH; DISPERSE FUNCTIONS	ABOLISH; DISPERSE FUNCTIONS	ABOLISH; DISPERSE FUNCTIONS
FEDERAL PROPERTY COUNCIL	ABOLISH; FUNCTIONS TO GSA & OMB	ABOLISH; FUNCTIONS TO GSA & OMB	ABOLISH; FUNCTIONS TO GSA & OMB
ENERGY RESOURCES COUNCIL	ABOLISH; FUNCTIONS TO ENERGY	ABOLISH; FUNCTIONS TO ENERGY	ABOLISH; FUNCTIONS TO ENERGY
PRESIDENT'S FOREIGN INTELLIGENCE ADVISORY BOARD	ABOLISH	ABOLISH	ABOLISH

COMPARISON OF OPTIONS

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EOP UNIT	OPTION I	OPTION II	OPTION III
Office of the Vice President	Transfer some administrative support staff to central administrative unit	Same as Option I	Same as Option I
IOB	Increase substantive staff to allow for field operations and performance of all four functions, as well as increased public liaison function. Establish IOB as a separate unit within EOP.	Same as Option I	Same as Option I
OSRTM	Maintain current STR functions and structure, with reduced staff, pending consideration of location of all trade functions by the President's Reorganization Project.	Same as Option I	Same as Option I
OMB	Change the "M" side of OMB from a "holding company" of disparate and often ineffective activities to a smaller, better-focused effort targeted on activities of Presidential priority. Eliminate OFPP and transfer procurement policy to the Director.	Same as Option I	Same as Option I

COMPARISON OF OPTIONS

EOP UNIT	OPTION I	OPTION II	OPTION III
Central Administrative Unit	Establish an independent Central Administrative unit to provide a more uniform level of administrative services throughout EOP and reduce administrative costs. Continue small White House unit.	Same as Option I	Establish a Central Administrative Unit attached to OMB, serving all of the EOP. Continue small White House unit.
Domestic Council	Streamline and create a Policy Support staff, replacing the Domestic Council, to provide coordination and policy support for all Cabinet and sub-Cabinet interagency working groups, including the EPG and any specialized EOP unit abolished as a result of reorganization. This staff would also have responsibility for policy process management.	Same as Option I	Create a new Policy Support staff superseding the Domestic Council, EPG, OSTP, and CEA staffs. This staff of specialists to be supervised by section heads who serve as Assistants to the President; functions incorporate both process management and forward planning.
NSC	Make small reduction in non-substantive staff.	Same as Option I	Same as Option I and fold NSC staff into Policy Support staff national security section; retain NSC as cabinet level committee.
CEA	Reduce professional and support staff for Micro-economic issues.	Reduce professional and support staff for micro-economic issues. Add professional and support staff to work on wage-price analysis to compensate for transfer of COWPS outside EOP.	Abolish; staff to form economic staff for general policy support staff; Chairman to become Presidential adviser.

COMPARISON OPTIONS

EOP UNIT	OPTION I	OPTION II	OPTION III
COMPS	Maintain current activities but do not add the 1977 supplemental and freeze current employment levels, except for the Director position.	Transfer all evaluation to other governmental agencies; council continuing to exist as interdepartmental Committee and umbrella for jawboning where necessary. Allow CEA additional positions to provide analytic backup and draw on departmental wage-price analysis.	Same as Option II except wage-price analysis capacity placed in general policy support staff.
OSTP	Retain in OSTP only those science and technology functions which provide advice to the President and support policy formulation, budget review, and decision-making in other EOP units. Perform work of Intergovernmental Science, Engineering and Technology Panels through OMB-IRRO, operate the Federal Coordinating Council on Science and Technology (FCCST) as a sub-Cabinet level working group, and fold the work of the President's Committee on Science and Technology (PCST) into the President's overall reorganization effort; transfer remaining PCST functions and reports to NSF. Have OSTP provide science-related advice and support on telecommunications policy issues.	Same as Option I	Abolish; establish Special Assistant to the President for Science and Technology Policy. Some staff shifted to general support Policy staff. Disperse other functions as in Option I.

COMPARISON OF OPTIONS

EOP UNIT	OPTION I	OPTION II	OPTION III
CEQ	Retain CEQ with reduced functions and staff, emphasizing Presidential advisory, overall policy coordination, and analytic activities. Transfer specific National Environmental Policy Act oversight functions to EPA, including recently-granted authority to issue regulations on environmental impact statements and routine publication of EISs. Retain responsibility for issuing annual report but have specific sections prepared mainly outside EOP, in EPA and other departments and agencies. Reduce number of studies undertaken directly by CEQ.	Transfer functions to Interior	Same as Option II
ODAP	Maintain current functions for one year during which ODAP will develop plans for the drug abuse area and make institutional improvements within Government agencies, allowing ODAP to terminate operations at the end of the year.	Abolish; establish special adviser to the President with a small staff, transfer functions to OMB, State, and HEW	Same as Option II
EPG	Transfer function of staffing EPG to Policy Support staff which supports all Cabinet groups; abolish Executive Committee. Establish a Steering Committee of Treasury (Chairman), CEA, OMB, and perhaps State as core EPG members to organize agenda for meetings. Cabinet and other ex-officio members of full EPG would be invited to particular meetings as interests dictate.	Same as Option I	EPG work supported by general Policy Support Staff



COMPARISON OF OPTIONS

EOP UNIT	OPTION I	OPTION II	OPTION III
CIEP	Abolish by allowing statute to lapse on September 30, 1977.	Same as Option I	Same as Option I
OTP	Abolish statutory OTP and retain small telecommunications and information policy staff within a new policy support staff. Re-define the role of the Special Assistant to the President for Media and Public Affairs to cover the more substantive areas of Information Policy and Cultural Affairs. Transfer all functions (with the exception of developing Presidential policy options and resolving interagency disputes) to an upgraded office within the Department of Commerce.	Same as Option I	Same as Option I
FPC	Abolish the Executive Order and handle matters by having GSA go to OMB Director with major issues and to the President as needed.	Same as Option I	Same as Option I
ERC	Abolish; responsibilities assumed by the Department of Energy.	Same as Option I	Same as Option I
PFIAB	Abolished.	Same as Option I	Same as Option I

UNIT STAFFING LEVELS FOR PROPOSED OPTIONS

(Assumes transfer of certain positions to Central Administrative Unit)

	Current Authorization		Positions		
	Budget	Positions	Option I	Option II	Option III
Office of Vice-President	\$ 1.3M	30	27	27	27
Intelligence Oversight Board	0.0	0	5	5	5
Office of Special Representative for Trade Negotiation	2.6	49	41	41	41
Office of Management & Budget	29.2	709	610	610	610
Central Administrative Unit	0.0	0	143	143	143
Domestic Council	1.8	40	39	41	41*
National Security Council Staff	3.3	70	56	56	56*
Council of Economic Advisors	1.9	42	35	39	34*
Council on Wage & Price Stability	1.9	57	35	0	0
Office of Science & Technology Policy	2.3	32	22	22	17*
Council on Environmental Quality	3.3	40	24	0	0
Office of Drug Abuse Policy	1.1	10	10	0	0
Economic Policy Group	0.0	0	0	0	0
Council on International Economic Policy	1.5	21	0	0	0
Office of Telecommunications Policy	8.5	41	0	0	0
Federal Property Council	0.0	0	0	0	0
Energy Resources Council	0.0	0	0	0	0
President's Foreign Intelligence Advisory Board	0.0	0	0	0	0
White House Office	17.2	485	340	343	353
Other	3.5***	86**	86**	86**	86**
Totals	\$79.1M	1712	1473	1413	1413

*These staffs would be part of the combined policy support staff.

**The current authorized full-time permanent positions include 86 Department of Interior positions to maintain the Executive mansion.

***The additional \$3.5M includes the President's compensation and expenses, President's unanticipated needs, White House and V-P residence. The difference between this figure and the sum of the organizational unit budget authorities is due to rounding the unit budget figures to the nearest one hundred thousand.

EOP UNIT DESCRIPTIONS

This Appendix includes more detailed reference material on our recommendations. For each EOP unit, we,

- Present current budget and staffing levels and proposed staffing for each major option.
- Summarize principal functions, denoting those statutory.
- Provide historical perspective and other background information.
- Describe the impact of each major option on the structure and operation of the unit, noting variations and advantages/disadvantages.
- Note additional organizational variations considered but not proposed.

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Descriptions have not been prepared for the Energy Resources Council, which will be abolished under the Administration's energy proposals, and for the President's Foreign Intelligence Advisory Board, which has already been abolished.

OFFICE OF THE VICE PRESIDENT

	April 30, 1977		Option		
	Status		I	II	III
	<u>Authorized</u>	<u>Actual</u>			
Full-time Permanent Positions	30	30	27	27	27
Detaillees					
Other					
Budget Authority	\$1.27M				

Functions

1. Provide policy and political advice to the President.
2. Assist in Congressional Liaison in support of Administration proposals.
3. Participate in National Security matters (through statutory membership on the National Security Council).
4. Perform special projects of high priority for the President.
5. Act as spokesman and advocate for the President and the Administration to the public, interest groups, and foreign leaders.

Background

The operations of this office reflect the combination of Constitutional, statutory, and Presidentially-assigned duties, which make it unique among EOP units. Because of his Constitutional duties as President of the Senate, the Vice President has a staff on the Senate payroll that is larger than the Executive Branch one. Functionally, there is no significant distinction between these groups, but the existence of a "legislative" staff for the Vice President highlights his participation in Congressional matters.

The Office is well run and efficient, already having achieved a number of operating economies. Substantial reductions in its size could only be accomplished through elimination of functions and a fundamental role re-definition for the Vice President.

Unit Description Under the Three Proposed Options

Option I

Certain of the Vice President's support functions involve accounting, personnel and supply activities that should be transferred to a centralized EOP Administrative Unit. The basic functions and resources of the unit should not otherwise be altered. A reduction of three full-time personnel is recommended.

The Vice President would benefit from having access to the full range of services offered by the central administrative unit, the larger pool of personnel, and the inherent backup capability of the larger unit.

Conversely, the Vice President would forego some independence, direct supervisory authority and control of administrative resources.

Option II

Same as Option I.

Option III

Same as Option I.

Other Variations

The study team also considered the following options

- Maintain the present independent administrative support function within the Vice President's office.

This was rejected because overall EOP efficiency would be better served by centralized administrative support.

- Draw upon the resources of the White House staff eliminating the Vice President's staff.

While this option appears to eliminate duplication of functions, the consequence would be a loss of the independent perspective and operation that has contributed to the Vice President's effectiveness.

INTELLIGENCE OVERSIGHT BOARD

	April 30, 1977		Option		
	Status		I	II	III
	Authorized	Actual			
Full-time Permanent Positions	0	0	5	5	5
Detailees		2			
Board Members	3	3	3	3	3
Budget Authority	\$ 0	\$ 0			

Functions

1. Ensure adequate operational guidelines on legality and propriety of intelligence community activity.
2. Ensure adequate systems for discovery and reporting of illegal or improper activities.
3. Receive and review reports of illegal and improper activities.
4. Advise the President and others on the legality and propriety of activities.

Background

The IOB was established in March 1976, in response to reports of improper activities by various government intelligence units. The IOB was empowered to review any and all activities of the community to ensure that the past abuses would not be repeated.

However, the three part-time Board Members and small staff have functioned in a largely perfunctory manner. In essence, the Board has been more a symbol than imbued with substance. Nonetheless, the current Director of the CIA strongly supports IOB and argues national need for it. This unit performs functions that clearly cannot be performed as well outside the EOP. Thus, it conforms to the study team's criteria for EOP inclusion.

Unit Description Under the Three Proposed Options

Option I

Increase professional staff by 3 to 4 people and establish the IOB as a separate unit in EOP. This would allow the IOB to perform all of its mandated functions and provide the capability to publicize the work of the Board and the intelligence community, thereby helping restore public trust and confidence in the intelligence community. This option also demonstrates to the intelligence community the genuine concern of the President.

The study team is aware, however, that the current IOB members feel the expansion of staff and placement of that staff in a separate EOP unit could compromise the mission the President has assigned to them. If the President wishes to retain the unit with its current mission and staff size, the unit's one full-time staff member could remain on the White House political/professional payroll.

Option II

Same as Option I.

Option III

Same as Option I.

Other Variations

The study team also considered the following arrangements:

- Maintain current size, but shift emphasis to Functions 1 and 2.

The IOB would remain as a symbol but provide no real protection to the President.

- Transfer all IOB functions to the Vice President or White House Counsel.

This would save one detailed administrative staff and eliminate an EOP unit. However, this option raises potential

conflict of interest issues given the activities of a previous Vice President and Counsel. In combination with elimination of PFIAB, such a decision could signal Presidential neglect of the intelligence community. Strong congressional reaction would be expected, particularly from congressional oversight committees.

- Abolish the IOB and let the Director of the CIA establish his own watchdog system.

This option entails an even greater risk of creating an appearance of lack of Presidential concern in this area eliminating a check and balance system endorsed by the CIA Director.

OFFICE OF THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS

	April 30, 1977		Option		
	Status		I	II	III
	Authorized	Actual			
Full-time Permanent Positions	49	45	41	41	41
Detailees		3			
Other		5			
Budget Authority	\$2.58M				

The staffing levels above do not reflect an additional 62 positions controlled by STR but attached to the State Department budget. These positions, 40 in Geneva and 22 in Washington, provide staff support for the multilateral negotiations in Geneva.

Functions

1. Coordinate the development of trade policy (solicit information and positions through interagency meetings, public hearings and advisory groups; resolve disagreements and recommend options to the President (Statutory)).
2. Manage and conduct trade negotiations (the ongoing multilateral trade negotiations (MTN) in Geneva and other bilateral negotiations (Statutory)).
3. Oversee and administer U.S. Trade programs (review ITC recommendations and recommend Presidential action; e.g., footwear, TV's, oversee the Adjustment Assistance Program; negotiate relief from foreign trade practices; maintain a list of products and countries to receive preferential trade treatment (Statutory)).

Background

The Office of the STR was created by Executive order in 1963 following the establishment of the STR position as part of the 1962 Trade Expansion Act. The Office was legislatively

mandated in the 1974 Trade Act. The Office has strong congressional support and reports directly and regularly to Congress as well as to the President. The primary reasons for its placement within EOP are to give it a neutral home from which to broker departmental trade interests and to give it stature to negotiate with foreign governments.

Presently, trade policy development and negotiation responsibilities are split among STR, State, and Treasury. In the past, confusion, disagreements, and jealousy have resulted from this arrangement to the detriment of U.S. trade interests. Congress is presently studying the possibility of consolidating trade responsibility. Any change in STR's status must take into consideration Congress' strong interest in enhancing STR's role, the importance of maintaining a strong hand in the MTN in Geneva, and the need for a "neutral home" for the development of trade policy.

Unit Description Under the Three Proposed Options

Option I

Maintain current STR functions and structure, with reduced staff, pending consideration of all U.S. Government trade functions by the President's Reorganization Project.

The advantages of this option include continuing the "neutral home" and Presidential prestige for STR and maintaining the continuity of STR's role in the MTN. It recognizes STR's past effectiveness and avoids congressional resistance to changes in STR.

STR's total authorized positions would be reduced slightly with half of the reduction going to the Central Administrative Unit.

Option II

Same as Option I.

Option III

Same as Option I.

Other Variations

The team also considered:

- Consolidate within STR all Treasury and State Department trade policy coordinating and negotiating responsibilities which would have added 30 positions.
- Replace STR with a Special Trade Adviser to the President and transfer STR policy coordination and oversight functions to a new EOP Office of Policy Coordination and STR's negotiating responsibilities to State Department. This would result in a transfer out of 20 positions.
- Transfer all STR trade responsibilities and staff to the Department of the Treasury.

Each of these were rejected, as the STR is now operating effectively and the entire subject of organizing to support U.S. trade efforts will be addressed by the President's Reorganization Project.

There were, however, three additional recommendations which should be considered:

1. Improvements should be made in STR's administrative arrangements with the State Department or alternative administrative arrangements established. If a centralized EOP Administrative Unit is established, STR should utilize this unit.
2. The role of the STR with regard to the EPG should be clarified to ensure that the STR's subject area expertise is utilized in developing and transmitting EPG recommendations to the President in trade-related areas.
3. Future investment and expenditure of resources on STR's computer operations should only follow the demonstration and assessment of the utility of the information to the STR staff, both within and outside the context of the MTN.

OFFICE OF MANAGEMENT AND BUDGET

	April 30, 1977		Option		
	<u>Authorized</u>	<u>Actual</u>	<u>I</u>	<u>II</u>	<u>III</u>
Full-time Permanent Positions	709	650	610	610	610
Detailees					
Other		81			
Budget Authority	\$29.35M				

Functions

1. Assist the President in preparing the budget and formulating the fiscal program of the government.
2. Aid the President in bringing about more efficient and economical conduct of Government service.
3. Assist the President by clearing and coordinating department advice on proposed legislation and on enacted legislation.
4. Supervise and control the administration of the budget.
5. Assist in developing coordinating mechanisms to implement Government activities and to expand interagency cooperation.
6. Plan and promote improved statistical services and information systems.
7. Plan and develop programs on personnel development.
8. Plan and conduct evaluation efforts of program efficiency and performance and keep the President informed of agency and departmental performance.
9. Assist in consideration and clearance of Executive orders and proclamations.
10. Monitor compliance with Federal advisory committee legislation (Statutory).
11. Oversee compliance with the Privacy Act (Statutory).
12. Set Federal procurement policies (Statutory).

OMB is the oldest (1939), largest, and most independent unit in the Executive Office. This Administration inherited an agency with 13 divisions on the program side, 5 divisions on the management side, and 9 separate units reporting to the Director and Deputy Director.

Since 1972, several major changes have occurred which have affected the agency, and its ability to serve the President:

- . The Director and Deputy Director are now Senatorially confirmed and have become more publicly visible. The agency as a whole has become more vulnerable to congressional criticism through losing much of its past anonymity.
- . Since the 1970 Reorganization Plan #2 that re-designated the old Bureau of the Budget as the Office of Management and Budget, the Congress has mandated new functions and responsibilities to OMB: Federal advisory committees (1972), oversight of the Privacy Act (1974), and procurement policy (1972).
- . The Congressional Budget Act of 1974 required, among other changes, that OMB update the Federal budget four times a year, submit monthly status reports on deferrals and recisions, and report more detailed projections of the budget. Besides the rigorous schedules of the new budget calendar, the demand on OMB staff has increased as a result of interaction with the new Congressional Budget Office and congressional budget committees.

Unit Description Under The Three Proposed Options

Option I

Under this option, the Office of Management and Budget would remain as a separate entity within the Executive Office of the President. The most significant operational change is reflected in the redirection of OMB's management arm to emphasize major Presidential initiatives such as reorganization, paperwork reduction, regulatory reform, productivity improvement and evaluations of effectiveness, particularly in light of sunset legislation opportunities.

The most significant structural change is the abolition of the statutory Office of Federal Procurement Policy within the Office of Management and Budget. OFPP with its staff of 27 was recommended by the Commission on Government Procurement. Its responsibilities run both to the President and to the Congress. There is substantial congressional interest in maintaining this unit and its relationships as is. The functions mandated to OFPP need to be performed and, under this option, would be performed in a division of OMB. At issue is the question of whether OFPP needs to be maintained as a statutory entity within OMB. The study team recommends that the Office of Federal Procurement Policy be eliminated as a separate office within OMB, that its functions be transferred to the OMB Director, and that its staff be reduced to 20 people and redesignated as an OMB division.

Option II

Same as Option I.

Option III

Same as Option I.

Other Variations

- Transfer all Statistical Policy Division functions except the Forms Clearance Office to Commerce.

Because placement in OMB promotes statistical improvement (by controlling data bases through the Forms process) and utilizes OMB leverage to improve overall statistical coordination, we do not recommend this change.

- Transfer all Executive Development and Labor Relations Division functions except pay and legislative analysis to the Civil Service Commission.

This was not recommended due to the requirement that OMB, as the President's management arm, take an active role in personnel management, and the likelihood that the transfer might be interpreted as a lack of Administration concern about labor relations.

CENTRAL ADMINISTRATIVE UNIT

		April 30, 1977				
		Status				
		<u>Authorized</u>	<u>Actual</u>	<u>I</u>	<u>II</u>	<u>III</u>
Full-time Permanent Positions	Unit Not Established			143	143	143
Detailees						
Other						
Budget Authority						

Functions

1. Provide general financial management services including accounting, budget, payroll and procurement functions.
2. Operate an EOP-wide personnel support system.
3. Provide various computer services including applications development and maintenance; management of computer operations; and EOP planning.
4. Provide a number of general support services, including property management; central files operations (non-Presidential); libraries; and other information management services; processing non-Presidential mail; printing and reproduction; messenger service; and supply and procurement support.
5. Provide an information base upon which the President can base resource allocation or EOP reorganization decisions.

Background

Of approximately 1,700 full-time, permanent EOP personnel, 380 (22 percent) are performing more than 30 administrative support services throughout EOP; they are supplemented by military and Executive Protective Service personnel, Park Service, Post Office employees and other temporary or detailed employees.

The White House and OMB have relatively complete administrative support facilities. Other EOP entities are generally too small to provide comprehensive administrative services internally; they depend upon the White House, OMB, GSA, or some other Federal department for these services, sometimes utilizing more than one of these sources.

The lack of coordinated administrative management for EOP as a whole has led to the following weaknesses:

1. Numerous service duplications (e.g., seven library facilities, 11 units with messengers, and about a dozen EOP units separately performing financial and personnel management).
2. Services are inconsistently distributed, resulting in excess capacity in one unit while a service deficiency exists in another (e.g., while there is ample computer capacity in EOP, some units cannot obtain adequate computer applications or operations support).
3. Opportunities for economies of scale are not realized (e.g., payroll is done by eight different systems, none of which provides totally adequate reports for management; alternatively, a single system could handle all of them at a significantly reduced average cost).
4. Cost control is inadequate because of fragmented responsibility or hidden costs.

To address these deficiencies, the study team proposes to combine EOP administrative support operations into two major units: a Central Administrative Unit and a White House Operations Unit. The latter will continue to carry out those functions that are considered to be direct support to the President. The Central Administrative Unit will (1) provide support in administrative services that are common to all EOP entities, and (2) provide technical support and coordination of the ZBB system in EOP. Each EOP entity outside the White House Office would retain a minimal administrative capability to perform service liaison with the Central Administrative Support Unit.

The greatest disadvantages of centralization include perceived or actual reduction in responsiveness and more rigid priority setting. Potential loss in responsiveness would be due to communication filters between users and service personnel resulting from organizational separation.

Unit Descriptions Under The Three Proposed Options

Option I

Establish the Central Administrative Unit, described above, as an independent entity within the EOP. The unit would be directed by a Presidential appointee reporting to the President. An EOP management committee, made up of EOP unit heads or their designees, would provide general management oversight and ratify administrative policies and procedures developed by the Central Unit.

This organizational placement should result in allocation of resources between units that will correspond most closely with Presidential priorities and that will be perceived as a fair allocation to the various units. It may be desirable, however, for the head of this unit to report to someone other than the President since administrative matters or conflicts should normally be resolved without requiring any of the President's time.

Option II

Same as Option I.

Option III

Establish the unit attached to OMB. Since in this option only a small number of EOP units remain, there would be very little advantage to creating an independent administrative unit. Virtually all EOP personnel would be part of OMB or White House Office. Placement in OMB would help limit the number of personnel in the White House Office and establish the reporting relationship through the Director of OMB, further from direct involvement of the President.

Other Variations

The study team also considered:

- Streamlining existing administrative operations within various EOP units.

This alternative will not fully capitalize on economies of scale cost reduction and would hamper efforts to install an accurate and effective cost accounting and control system.

DOMESTIC COUNCIL

	April 30, 1977		Option		
	Status		I	II	III
	<u>Authorized</u>	<u>Actual</u>			
Full-time Permanent Positions	40	34	39	41	41*
Detailees		1	-	-	-
Other		4	-	-	-
Budget Authority	\$1.775M				

* This staff would be part of the combined Policy Support Staff.

Functions

1. Provide policy analysis and advice to the President (e.g., prepare decision memoranda, background memoranda, and Q's and A's; respond to action memoranda; draft Presidential messages to Congress).
2. Implement and monitor policy (assign responsibility for implementation of the Presidential decisions and follow-up; e.g., to determine actions taken).
3. Provide policy advice on budgeting questions (participate in the OMB Director's review and assist in the priority establishment process; select issues to develop decision memoranda to the President; review and comment on OMB materials).
4. Articulate and discuss Administration policy (answer correspondence; review annual reports; prepare status and progress reports; meet with local interest groups, State and local government personnel, and congressional personnel).

Background

The Domestic Policy Staff and Domestic Council Staff really function as one operating entity, with the Domestic Policy

Staff supported by the White House payroll. The Domestic Council functions under the authority of Reorganization Plan No. 2 (June 1970).

Although the current Domestic Council acts as a de facto process management unit for a broad variety of domestic policy issues, staff responsibility for the full range of those issues is distributed among the Domestic Council, the Cabinet Secretary, and the Economic Policy Group (EPG). The options below address problems raised by this diffusion of responsibility.

Unit Description Under the Three Proposed Options

Option I

The Policy Support Staff replaces the Domestic Council. Economic Policy Group staff are transferred from their informal assignment to the Cabinet Secretary to a new affiliation with the Policy Support Staff. This staff becomes the process manager for domestic and economic policy issues, and in that role is assigned staffing responsibility for all substantive Cabinet working groups. The staffing for this unit would include the positions currently filled by the Domestic Council staff plus additional staff from EPG and OTP. The current vacant positions in the Domestic Council staff would be used to accommodate this increase.

Option II

Same as Option I.

Option III

The Domestic Council is placed within a large single Policy Support Staff to include Domestic Council, NSC, CEA, EPG, and possibly OSTP policy functions.

Other Variations

The study team did consider a streamlined status quo for the Domestic Policy group. The status quo, however, would not resolve problems of multiple domestic policy units and dispersed Cabinet working group staffing as documented in the Decision Analysis Report.

NATIONAL SECURITY COUNCIL

	April 30, 1977		Option		
	<u>Authorized</u>	<u>Actual</u>	<u>I</u>	<u>II</u>	<u>III</u>
Full-time Permanent Positions	70	64	56	56	56*
Detaillees		25			
Other		15			
Budget Authority	\$3.27M				

* This staff would be part of the combined Policy Support staff.

Functions

1. Prepare and present action and information materials for the President, Vice President, Assistant to the President for National Security Affairs, and the Deputy Assistant to the President for National Security Affairs (includes attendance at meetings where any of these four discuss such material and the preparation of Q's and A's).
2. Support the President in national security crisis management matters.
3. Coordinate and participate in interagency activities other than those described above (includes chairing or attending working group meetings, preparation of material for interagency studies).
4. Control agency and interagency operations not specifically related to the President (includes actions such as back-stopping negotiations, cable clearing, coordination, and preparation of interagency reports required by Congress).
5. Monitor important issues and gather information other than that required for 1-4 above (includes tracking congressional activities, attending agency briefings on issues in the area, following press coverage of important issues).

6. Consult with members of Congress and representatives of foreign governments.
7. Perform routine duties (includes answering correspondence for the four principals, preparation of nightly and weekly reports, office and personnel administration, dissemination of information through seminars or in response to FOI Act requests).
8. Perform general research and planning (includes preparation of "analytical think pieces," developing goals and initiatives).

Background

Each President since 1947 has confronted problems in deciding how to use the National Security process inherited from his predecessor. Under each new Administration the NSC has proven sufficiently adaptable in meeting Presidential styles and needs. Since 1968 the NSC has expanded considerably both in size and scope of operations, becoming in essence, a Presidential foreign policy staff.

The NSC reorganization plan approved by President Carter (Executive Order 11905, and PD/NSC 1&2) went into effect January 26, 1977. Among the aims of the plan are the simplification of the operating structure of the NSC and the reduction of the size of staff built up during previous Administrations (average of 140). Since January 20, NSC staff size has diminished gradually from 114 to 99 overall, including a reduction from 70 FTP to 64 FTP.

Among the principal issues addressed by the study team were: how large an NSC staff is required to carry out NSC functions under its new structure? To what extent can functions be better shared with or transferred to NSC agencies? To what extent can routine tasks or non-substantive activities be done elsewhere, eliminated, or be done more effectively?

Unit Description Under the Three Proposed Options

Option I

This option makes non-substantive cuts in the NSC staff by transferring some FOI Act responsibilities to the State Department. Our analysis shows that the remainder of the NSC staff is being fully occupied with Presidentially required activities. Further cuts would require elimination or transfer of functions, which would inhibit the flow of vital information to the President.

Though we recommend no change to the NSC Information Management staff at this time, we do recommend an independent study of this area as we believe that further reductions may be possible through application of sophisticated technology and equipment.

Option II

Same as Option I.

Option III

This option replaces the NSC staff with a National Security Section in the combined Policy Staff, while maintaining the NSC as a Cabinet-level committee. It also calls for the Information Management study.

Other Variations

- Retain the current functions and staff levels, but reduce the full-time permanent personnel authorization.

This was not recommended as it did not move non-substantive or non-Presidential supporting functions to other agencies.

- Transfer substantive functional responsibilities to NSC member agencies, reducing staff size.

This would likely impair the overall capability of the NSC staff to continue to quickly and efficiently handle their responsibilities.

- Add an issues planning capability by transferring four positions to the Assistant's Office in the White House.

This was not recommended because the issues planning may be better performed as a task in which a number of NSC specialists can participate as specific issues dictate needs for multiple functional area expertise.

COUNCIL OF ECONOMIC ADVISERS

	April 30, 1977		Option		
	<u>Authorized</u>	<u>Actual</u>	<u>I</u>	<u>II</u>	<u>III</u>
Full-time Permanent Positions	42	40	35	39	34*
Detailees		1			
Other		1			
Budget Authority	\$1.873M				

*This staff would be part of the combined Policy Support Staff.

Functions

1. Prepare objective economic reports (including data published in the monthly Economic Indicators).
2. Prepare macroeconomic forecasts and projects.
3. Analyse economic trends and the impact on the national economy of Federal programs, resulting in:
 - (a) advice to the President;
 - (b) policy advocacy vis-a-vis other executive branch officials and agencies, and the Congress; and
 - (c) the Economic Report of the President (annual).

Background

CEA dates from the Employment Act of 1946. Its strength lies in performing economic analysis directly relevant to current policy choices. It has very limited operational responsibilities, and does not coordinate overall economic advice to the President (that being EPG's function). In the early months of the Administration, CEA's resources have been stretched thin by the pace of economic policymaking and the broad interests of its Chairman.

In January 1977, the CEA personnel ceiling was 39, the lowest since the early 1960's. The Administration requested and received an additional three positions in the FY 1977 supplemental. The bulk of the staff (24 FTP) supports the third function: general economic analysis. Some of the first function -- preparation of data -- could logically be done outside EOP, but only about three staff positions are devoted to it. CEA performance of this work contributes to the accuracy of CEA analytic work generally and to its reputation for quality and objectivity (through the monthly Economic Indicators and the annual statistical tables in the Economic Report of the President). For this reason, no option for separating all or part of this function was considered.

Unit Description Under The Three Proposed Options

Option I

Option I modestly reduces the CEA staff in the microeconomic analysis area, but maintains the CEA as an independent EOP unit. This small change will not interfere with its continuing success in providing economic analysis for assessment of Presidential policy issues.

Although today's unemployment-inflation problems demand microeconomic attention, CEA's primary mandate is in the macroeconomic policy area. Other microeconomic staff expertise is available elsewhere in EOP (importantly in the COWPS).

Option II

The second option reduces microeconomic analysis staff as in Option I, but adds professional and support staff to work on wage-price analysis, compensatory for abolishing the independent staff of the Council on Wage and Price Stability, building on the Chairman's current pattern of tasking COWPS analysis on a regular basis.

Option III

Option III abolishes the CEA and transfers its staff to the combined Policy Support Staff, with the Chairman becoming a Presidential Adviser.

This option represents a substantial restructuring of the EOP to de-institutionalize the specialized EOP advisory functions. It may be interpreted as a de-emphasis of the importance of economic policy and analysis.

COUNCIL ON WAGE AND PRICE STABILITY

	April 30, 1977		Option		
	Status		I	II	III
	<u>Authorized</u>	<u>Actual</u>			
Full-time Permanent Positions	57	33	35	-	-
Detailees	-	-			
Other	-	-			
Budget Authority	\$1.92M				

(Includes 1977 supplemental of 241K and additional 10 positions for economists and three support staff.)

Functions

1. Jawbone, monitor, review, and analyze wage and price actions of unions and industry (Statutory).
2. Conduct studies of the inflationary impact of certain industry and labor actions; and study supply, productivity and capacity, to forecast inflationary bottlenecks in important industry sectors to support policy decision-making (Statutory).
3. Review governmental action to anticipate potentially inflationary effects and intervene with agencies after such reviews to present its position and urge a less costly or more cost-beneficial approach (Statutory).

Background

Created by statute in August 1974, the Council is due to expire on September 30, 1977. It was created as a formal body to institutionalize the activities of the previous Cost of Living Council. The President called for an extension and expansion of COWPS in both his Economic and Inflation Messages and has approved the addition of 13 new positions in the EOP Supplemental for 1977.

COWPS has been highly publicized as a weapon in the Administration's anti-inflation program. It is not yet clear what role it will play, but the recent jawboning involved in steel price increases suggests a carefully orchestrated relationship between CEA and COWPS. COWPS receives some direction from the CEA Chairman and often provides analytical assistance to CEA. COWPS' work tends to be self-initiated both in wage/price monitoring activities and in regulatory intervention. The basic issue is whether or not COWPS requires an EOP home and, to the extent an EOP home may be needed, at what staffing levels and with what organizational form.

Unit Description Under the Three Proposed Options

Option I

Maintain current activities, freezing employment to the pre-supplemental level (except for Director position). This would result in a slight reduction of staff and budget in EOP while retaining standby machinery for an anti-inflation campaign in the EOP. All wage and price activity would be in a central unit.

We note the value of COWPS' current activities have been questioned, its effectiveness perceived as minimal, and much of its work is non-directed and self-initiated. COWPS is opposed by organized labor and some of the business community. Our original organizational criteria would exclude its long-term research and operational functions from being conducted in EOP.

This option may require some current employees to be released or transferred to other jobs because COWPS, at its current rate of spending, will spend its entire budget despite 8 vacant positions.

Option II

Abolish and transfer all functions to other governmental agencies and transfer jawboning to a sub-Cabinet working group to be known as the "Interagency Committee on Inflation" chaired either by Treasury or Commerce. Allow CEA additional positions to provide analytical backup and draw on departmental wage-price analysis.

This option reinforces the concept of "Cabinet Government" and results in a significant EOP budget and staff reduction. It would give positive signals to the business community that this Administration firmly disavows wage-price controls while retaining some standby anti-inflationary machinery.

This option contravenes earlier strong statements by the President and statement to Congress by OMB Director, CEA Chairman and Secretary of the Treasury calling for continuation. It is strongly opposed by CEA Chairman and others. These functions would no longer be housed in a single unit and there is a possibility that any analysis done by the Departments of Labor and Commerce may be biased toward their respective constituencies.

Option III

This option is the same as Option II except that wage-price analysis capacity would be placed in the general Policy Support Staff.

Other Variations

Maintain current functions and staff including those to be added through the 1977 Supplemental. The President would have standby machinery for anti-inflation campaign in close proximity with all wage and price activity in a central unit with some Presidential authority associated with the Council. COWPS' current activities have questionable, if not minimal effect. Much of the work effort is non-directed and self-initiated. Our original organization criteria would exclude such long-term research and operational functions from being conducted in EOP.

OFFICE OF SCIENCE AND TECHNOLOGY POLICY

	April 30, 1977		Option		
	<u>Authorized</u>	<u>Actual</u>	<u>I</u>	<u>II</u>	<u>III</u>
Full-time Permanent Positions	32	17	22	22	17*
Detailees		15			
Other		65			

Budget Authority \$2.3M

*this staff would be part of the combined Policy Support Staff.

Functions

1. Advise the President on scientific and technological considerations in areas of national concern (Statutory).
2. Evaluate the scale, quality and effectiveness of the Federal effort in science and technology and advise on appropriate changes (Statutory).
3. Assist the Office of Management and Budget with an annual budget review for Federal R&D programs (Statutory).
4. Advise the National Security Council and other EOP units in matters concerning science and technology (Statutory).
5. Consider problems and developments in science and technology affecting more than one Federal agency and recommend policies and procedures for dealing with them through the Federal Coordinating Council on Science and Technology (Statutory).
6. Identify, through the Intergovernmental Panels on Science, Engineering and Technology (ISETAP), problems at the state and local level for which science and technology may provide solutions (Statutory).
7. Prepare reports to Congress including the President's Annual Report on Science and Technology and an annually updated five-year outlook (Statutory).
8. Survey, through the President's Committee on Science and Technology (PCST), the effectiveness and efficiency of the Federal R&D effort and recommend changes (Statutory).

Background

The Office of Science and Technology Policy (OSTP) was re-established on May 11, 1976, through PL 94-282. Hearings and studies were conducted over a three-year period in Congress following abolition of Office of Science and Technology by President Nixon in 1973. The bill was strongly lobbied by the science and technology community and received strong bipartisan support in Congress.

OSTP was largely inactive until current Science Adviser/Director of OSTP arrived. Thus, while effectiveness has been minimal to date, the Office can be of significant value if the Science Adviser is considered important by the President.

The Science Adviser has developed good relations with NSC, OMB, and CEQ. He can make a significant contribution to the domestic policy and economic units. He views the Federal Coordinating Council and Intergovernmental Panels as important to his work if they are focused. However, it is the view of the reorganization team that such approaches are largely ineffective.

The study team also believes that the work of the President's Committee on Science and Technology (PCST) should be folded into the President's overall reorganization effort. The Science Adviser agrees. The remaining PCST functions, Annual Report and Five-Year Outlook should be transferred to the National Science Foundation or eliminated, with OSTP retaining oversight. (Memorandum from Science Adviser to this effect has been forwarded to OMB Deputy Director.) The Science Adviser and functions have been imposed upon two Presidents, but generally not utilized.

Unit Description Under The Three Proposed Options

Option I

This option retains only those functions that provide advice to the President and support policy formulation, budget review and EOP decisionmaking. Work of ISEAP would be performed through OMB-IRRO, and FCCST would operate as a sub-Cabinet working group. The work of PCST would be folded into the President's Reorganization effort. The remaining PCST functions would be transferred to NSF. OSTP would provide science-related advice and support on environmental and telecommunications policies issues.

It would streamline the organization, eliminating unproductive, duplicative functions, and providing a pool of scientific and technical expertise. Changes to OSTP may result in congressional resistance.

Option II

Same as Option I.

Option III

This option abolishes OSTP, retains only a Presidential Adviser and establishes a small staff in the combined Policy Support Staff.

This provides the President with science advice while significantly streamlining the EOP. Abolition of the OSTP would face even greater congressional opposition.

Other Variations

The study team also considered:

- Retaining the unit with no change.

This arrangement is commensurate with congressionally mandated responsibilities and would give the unit a chance to operate with present responsibilities under the new Science Adviser/Director. However, it retains functions that are not Presidential in nature, requiring excess resources and duplicating functions carried out by NSF and the OTA of Congress.

- Increase unit's functions and staff to handle science and technology aspects of telecommunications and environmental policy issues.

This option could be a viable alternative if CEQ or OTP were eliminated and their functions transferred; all EOP offices might benefit from increased science and technology staff capability and potential. Economies of scale could be realized. However, science and technology aspects of environmental policy and telecommunications would be separated from political, social and economic aspects if CEQ and OTP were eliminated, and OSTP had the lead role.

- Increase unit staff to provide more support for coordinating functions of FCCST and ISETAP.

In this case, if these congressionally mandated functions were retained, they would be strengthened, their time frames shortened, and a secretariat capability created to handle communications and monitor progress of the working groups. However, these committees are not Presidential in nature, and based upon previous experience, there is considerable question as to their potential for success. This work could be performed on an ad hoc informal basis which would not require a legislative mandate limiting the President's prerogatives. This option rejects other non-EOP means of accomplishing these tasks. FCCST's work could be done in a sub-Cabinet working group and ISETAP's in an OMB-IRRO function.

COUNCIL ON ENVIRONMENTAL QUALITY

	April 30, 1977		Option		
	Status		I	II	III
	Authorized	Actual			
Full-time Permanent Positions	40	45	24	0	0
Detailees		4			
Other		11			
Budget Authority	\$3.3M				

Functions

All statutorily mandated and implemented by Executive Order, as noted.

1. Assist the President by developing and recommending environmental policy, and providing advice on environmental issues.
2. Coordinate Federal environmental programs and policies that cut across agency lines and resolve interagency conflicts.
3. Review and appraise Federal programs in accordance with National Environmental Policy Act (NEPA) oversight responsibilities.
4. Guide and evaluate Federal agency performance in fulfilling their Environmental Impact Statement (EIS) responsibilities under NEPA.
5. Analyze long-range conditions and trends in environmental quality.
6. Prepare the President's annual Environmental Quality Report to the Congress.

Background

CEQ's basic responsibilities derive from two statutes -- Title II of the National Environmental Policy Act (NEPA) 1969 and the Environmental Quality Improvement Act (EQIA) 1970 -- which jointly created the Council and its office. These Acts define CEQ's broad mandates as providing Presidential advice on environmental issues and analyzing and reporting on long-term environmental trends and conditions. Executive Order 11514 (1970) added oversight of agency implementation of NEPA's Environmental Impact Statement (EIS) requirements and instructed CEQ to write guidelines for that process. More recently, Congress assigned several additional statutory functions to CEQ, such as oversight of ERDA's energy conservation and non-nuclear R&D programs.

The past two Administrations did not encourage CEQ involvement in policy matters. The 40 permanent positions in the FY 1978 Budget submission compare to an actual peak of 57 positions in FY 1972. (Staff has declined gradually since FY 1972). In the Environmental Message issued May 23, the President gave several specific assignments to CEQ, including a directive via a new Executive Order amending Executive Order 11514 to issue regulations to Federal agencies regarding their Environmental Impact Statements. The aim is to reduce the paperwork volume and focus such statements on "real environmental issues and alternatives."

Abolishing CEQ or redefining overall mission would involve legislative changes, as well as changes in Executive Orders implementing such legislation. Major changes are likely to be strongly resisted by the environmental constituency and key members of Congress. Such resistance might be reduced by the fact that the Administration's environmental record is very favorably regarded by CEQ's champions, who may therefore feel less need for this particular institution than they did during past Administrations that were less responsive to their concerns.

Unit Description Under The Three Proposed OptionsOption I

Retain CEQ with reduced functions and staff, emphasizing Presidential advisory, overall policy coordination, and analytic activities. Transfer NEPA oversight functions to EPA, including the recently created authority to issue EIS regulations. Retain responsibility for issuing annual report but have specific sections prepared outside EOP, in EPA and other departments and agencies. Reduce the number of studies undertaken directly by CEQ.

This option's advantages include retaining a high visibility advisory unit while transferring oversight and reporting functions, thus taking a step toward government-wide realignment of environmental functions. The disadvantages of this option include the required modification of the May 23 Executive Order that strengthened NEPA oversight responsibilities, possible opposition from some members of Congress who would interpret the move as a major downgrading for the environmental concerns and NEPA, and the possible problem of giving EPA, a line agency, oversight responsibility over agencies of equal or higher rank. EPA reportedly has no interest in this area.

This option would retain the Presidential advisory function within EOP showing the Administration's continuing commitment to environmental issues. Transferring the day-to-day NEPA oversight functions to EPA would remove from the EOP those functions and positions (15) not directly serving the President, but would require that EPA assume the review function of agencies of equal or higher rank.

Option II

This option would transfer all CEQ functions to the Department of Interior. This would further the Administration's policy of Cabinet government by incorporating environmental functions within the agency primarily responsible for the nation's natural resources development and protection.

This move, however, could create opposition in Congress and strong opposition from environmental groups who may view it as an Administration "sell-out" to the development faction. It may also lead to resignation of CEQ council members.

A further variation of this option would entail establishing an environmental adviser to the President with a small support staff.

Option III

Same as Option II.

Other Variations

The study team also considered the following possibilities:

- Increase the CEQ staff by 15 to enable it to better perform its responsibilities.

This is not consistent with the thrust of the EOP review: to streamline operations and direct them towards close support to the President.

- Maintain the current CEQ size and functions, with increased emphasis on Presidential advise and interagency coordination.

This was not recommended due to the fact that many CEQ activities do not directly support the President.

- Abolish CEQ, replacing it with an Environmental Quality Advisor to the President, and transfer all its functions to EPA and elsewhere.

This is a plausible alternative but was not recommended because Interior seemed a more appropriate recipient.

- Replace CEQ with an Advisory Commission on Environment (like ACIR).

This was not recommended because of the inherent difficulty of a Commission such as this, to provide regular and consistent staff advise to the President.

OFFICE OF DRUG ABUSE POLICY

	April 30, 1977		Option		
	<u>Authorized</u>	<u>Actual</u>	<u>I</u>	<u>II</u>	<u>III</u>
Full-time Permanent Positions	10	10	10	0	0
Detailees					
Other					
Budget Authority	\$1.1M				

Functions

1. Recommend to the President, policies, objectives and priorities of Federal drug abuse functions (Statutory).
2. Recommend to the President changes in organization, management, and personnel of relevant Federal agencies as necessary to implement Function 1 (Statutory).
3. Coordinate the performance of drug abuse functions within Federal agencies (Statutory).
4. Review regulations, guidelines, requirements, criteria, and procedures regarding the above functions within Federal agencies (Statutory).
5. Evaluate performance and results of drug abuse programs in Federal agencies (Statutory).
6. Report annually to Congress on objectives, activities, and accomplishments of ODAP (Statutory).
7. Represent the United States, at the President's discretion, in international discussions and negotiations related to drug abuse functions (Statutory).
8. Provide strategy in terms of policy direction and coordination of the law enforcement, international and treatment/prevention programs.

NOTE: The Director of ODAP is also the Special Assistant to the President for Health Issues and as such is actively involved in all health issues facing the Administration.

Background

Drug abuse programs are fragmented among some 40 Federal agencies. This has resulted in overlap, duplication, contradictory and confusing policies, poor coordination and considerable mismanagement. Efforts to resolve this problem through the Drug Abuse Office and Treatment Act of 1972 were not successful. There are no simple answers to drug abuse problems, with agency functions split between demand reduction (HEW, DOD, VA, Justice) and supply reduction (Justice, Treasury, and State). In another attack on the problem, Congress passed P.L. 94-237 in March 1976 authorizing ODAP, but President Ford did not establish the office. However, five persons in OMB performed some ODAP functions until March 1977. President Ford's refusal to formally establish ODAP became a sensitive issue with the Congress.

President Carter established ODAP in EOP on March 14, 1977. In so doing, he emphasized those functions of ODAP relating to reorganization, improved management, improved resource allocation, and a strategy for program coordination to address immediate issues as well as providing a framework for building more permanent solutions. Current Administration thinking is that ODAP should seek longer term solutions to the lack of coordination and chronic management problems that have plagued the drug policies area. The new Director is also heavily involved in mental health and international health issues.

Unit Description Under The Three Proposed Options

Option I

Maintain current functions for one year during which ODAP will develop plans for the drug abuse area and make institutional improvements within Government agencies, coordinated with the President's Reorganization Project. ODAP would terminate operations at the end of the year.

This option would continue to recognize drug abuse as a high visibility public issue, may be more acceptable to congressional interests than immediate abolishment and would focus ODAP on specific policy and reorganization improvements.

On the other hand, coordination of management improvement could be handled by the President's Reorganization Project in OMB as the scope of problems may be beyond the capacity of a small coordination unit and the drug abuse area may be too narrow to warrant separate EOP unit.

Option II

Eliminate ODAP. Establish a Drug Abuse and Health Adviser to the President with a small support staff. Transfer reorganizational responsibility and management improvement to OMB, international negotiations to State and other functions to drug abuse agencies (HEW).

This option recognizes that reorganization of the 40 drug abuse agencies is central to resolving the problems that give rise to ODAP. This option retains these responsibilities in EOP only until completion of reorganization plans.

This option also preserves capacity for close advice to the President in drug abuse areas, however, some critics may question the need for a special adviser to the President and others will point to congressional opposition to any elimination of ODAP's current functions.

Option III

Same as Option II.

Other Variations

We also considered:

- Transfer of ODAP, with current functions, directly to HEW (except international negotiations to State).
- Elimination of ODAP as recommended but transfer policy/strategy development to a sub-Cabinet working group.

These were rejected, as they would preempt a comprehensive reorganization effort in the first instance and, in the second, a Presidential adviser appeared to offer better opportunities for policy focus than the working group.

ECONOMIC POLICY GROUP

	April 30, 1977		Option		
	Status		I	II	III
	Authorized	Actual			
Full-time Permanent Positions	0	0	0	0	0
Detailees		9			
Other					
Budget Authority	\$0				

(The positions and budget authority for this function under all three options are included in the Domestic Council unit summary.)

Functions

1. Review economic policy issues in Group meetings, to resolve them or to develop recommendations or options to the President.
2. Coordinate staff work by member agencies on issues coming before the Group.
3. Oversee implementation of decisions made and policies adopted.

Background

EPG is a formal Cabinet committee charged with coordinating Government-wide economic policies and bringing recommendations and choices to the President for action. Its eleven-member Executive Committee (including three ex officio) has met weekly since January 1977; and EPG Executive order is pending. Until March, Secretary of the Treasury and Chairman of the CEA co-chaired the EPG; then the Secretary of the Treasury was made sole chairman and a separate EPG staff established.

No one questions that economic policy coordination is an appropriate EOP activity; however, most observers and participants in the EPG process do not believe it is currently

playing this role effectively. The two major, related problems are: (1) heavy dependence on large, Cabinet-level meetings as vehicles for issue management; (2) separation of EPG staff from President's two major aides for substantive policy issues, the Assistants for National Security and Domestic Policy. (Staff is formally attached to Cabinet Secretariat; the Executive Director reports in practice to the Secretary of the Treasury as EPG Chairman.)

The President needs a regularized process upon which he and his chief aides can depend to highlight major economic policy choices supported by timely staff work. Choices result from this need with respect to: (1) the size of the EPG Executive Committee, and (2) the location of the staff.

Unit Description Under the Three Proposed Options

Option I

The replacement of the Executive Committee with Treasury-chaired Steering Committee including CEA, OMB, and State supports the concept of a small, flexible group of Presidential economic advisors with the ability to define options more easily, and organize analytic backup more effectively and efficiently. It would eliminate the inequities of having some (e.g., HUD) but not all (e.g., HEW) domestic departments on the Executive Committee. The establishment of this group would require coordination with NSC to establish agendas and resolve disputes in the international economic issues area, or EPG's jurisdiction over this area might be weakened.

Transferring the EPG staff function to the Policy Support Staff (current DC) would place the economic policy process management responsibility under the President's Assistant now performing that function for most EPG issues. The addition of this function to the Domestic Council staff and others forming the Policy Support Staff will move that group towards the more general role of process management and brokering of issues.

The strength gained by combining these staff functions, however, might in itself create authority problems unless the role of this group is carefully defined. Also, the addition

of this new staff function may not be enough to overcome the tendency of the Domestic Council's staff to operate more as an advocate than "honest broker."

Option II

Same as Option I.

Option III

Same as Options I and II, except that the staff would be integrated into the Economic Section of the central Policy Support Staff.

Other Variations

Four other EPG variations were evaluated:

- Maintain current structure of the EPG as Cabinet body with eleven-member Executive Committee.

This arrangement would not ameliorate the problem of managing candid discussions in large meetings and gaining legitimacy for its recommendations.

- Eliminate EPG as a formal unit and convene it when necessary within the Policy Staff Management System recommended above.

This alternative would not provide continuity in economic policy development.

- Maintain staff at its current size of nine individuals, with current informal assignment to the Cabinet Secretary.

This separates staff capability from those responsible for serving the President on economic policy matters.

- Give CEA Chairman the additional title of Assistant to the President for Economic Affairs; a Deputy Assistant reporting to him would direct small economic coordinating staff of six individuals.

This scenario reverses the President's March decision that the CEA Chairman should not be the central economic policy coordinator.

COUNCIL ON INTERNATIONAL ECONOMIC POLICY

	April 30, 1977		Option		
	Status		I	II	III
	<u>Authorized</u>	<u>Actual</u>			
Full-time Permanent Positions	21	19	0	0	0
Detailees					
Other		1			
Budget Authority	\$1.45M				

Functions

1. Provide advice for the President on international economic issues.
2. Organize and participate in interagency staff work and help resolve interagency disputes.
3. Prepare the President's annual International Economic Report.

Background

The Council on International Economic Policy (CIEP) was established by Presidential order on January 19, 1971 and given statutory standing (P.L. 92-415) by Congress in August 1972. It is composed of seven Cabinet Secretaries (State, Treasury, Defense, Agriculture, Commerce, Labor, and Transportation), the OMB Director, the CEA Chairman, and the Special Representative for Trade Negotiations (STR). The President designates the Chairman, who, since 1973 (except for a few months in 1974) has been the Secretary of the Treasury.

The Council has seldom met -- never in the Carter Administration. The CIEP staff has been active in a wide range of international economic issues, but was subordinated to the Economic Policy Board (EPB) in the Ford Administration. The staff continues to have 21 permanent positions, and 19 employees, but activity

has shrunk drastically since January 20, 1977. The six professionals remaining on CIEP rolls as of the end of April were working largely on individually arranged ad hoc projects, in the expectation that they would soon move elsewhere on a permanent basis. In fact, CIEP staff was told on January 24, 1977, that it would be discharged on February 18. This order was withdrawn, however, after its legality was questioned.

CIEP will terminate on September 30, 1977, unless the P.L. 92-415 is amended.

Unit Description Under The Three Proposed Options

Option I

Abolish by allowing statutory authority to lapse on September 30.

CIEP was established to coordinate overall international economic policy without parochial foreign or economic policy biases, but it has never played a major coordinating role as has NSC. Also, Congress has mandated preparation of an International Economic Report and a number of other advisory functions that CIEP fills. Accordingly, there may be pressure to reassign these functions if CIEP is abolished. Because international economic policy issues are closely linked with specific foreign and economic policy concerns, a separate international economic staff does not make operational sense.

Option II

Same as Option I.

Option III

Same as Option I.

Other Variations

We considered the alternative of maintaining the current structure and staff size of CIEP and rejected this because CIEP's currently inactive staff expects to be abolished and no senior Administration official is interested in reviving or leading this unit.

OFFICE OF TELECOMMUNICATIONS POLICY (OTP)

	April 30, 1977		Option		
	Status		I	II	III
	<u>Authorized</u>	<u>Actual</u>			
Full-time Permanent Positions	41	43	0	0	0
Detailees		7			
Other		40			
Budget Authority	\$8.48M				

Functions

1. Develop and review national telecommunications policy (including national security).
2. Prepare for international telecommunication conferences and negotiations (Statutory).
3. Establish policy for all levels of government regarding research and development, procurement, projections of telecommunication resources, systems management, facilities and services.
4. Allocate and regulate radio spectrum frequency assignments to Federal agencies of the Government's portion of the radio spectrum (Statutory).

Background

OTP was created in 1970 with strong congressional support as a "neutral home" for the functions described above and as a reference point for access to the President by Congress and other interested parties on telecommunications policy issues. The office was "politicized" under the Nixon Administration and since that time has not had the "clout" or the access it was originally intended to have. However, the issues have become more complex and presently require a serious presence at the highest levels of government. Each specific function need not have such attention but there are (and will continue to be) policy issues in telecommunications that will periodically require Presidential attention (e.g., the Bell bill).

Most of the functions currently performed by OTP can be or are currently being performed outside the EOP. Since its inception, OTP has made extensive use of staff of the Department of Commerce's Office of Telecommunications, particularly for the frequency management function on a fully reimbursable basis. This management has increased in scope over the years and the current reimbursement for FY 1977 from OTP to OT/DOC represents more than 60 percent of OTP's budget. It also represents approximately 60-100 full-time professionals and support staff at OT/DOC that are paid by OTP. A minimal policy overview staff of 8 permanent full-time positions in the frequency management area are actually at OTP. There are also 7 military detailees serving in a variety of professional capacities ranging from National Security Adviser to Assistant to the OTP Director.

Unit Description Under The Three Proposed Options

Option I

In this option, OTP would be abolished. A small telecommunications and information policy staff would be retained within the Domestic Policy Staff and the role of the Assistant to the President (Media and Public Affairs) would be redefined to include information policy and cultural affairs. All other functions (except the development of Presidential Policy and resolution of interagency disputes) would be transferred to Commerce.

This option eliminates OTP as a unit, decreases the EOP telecommunications budget and staff by 80-90% while (1) increasing presidential access on the highest priority issues and (2) retaining a neutral home for interagency arbitration. However, the action could be perceived as a symbolic downgrading, precluding Congressional testimony by the EOP unit head, and requiring Commerce to adequately upgrade their telecommunications unit to facilitate transfer of OTP functions.

This option eliminates the entire staff and budget of OTP. However, 3 positions and 2 military detailees would be added to the policy support staff and 3 positions would be transferred to OMB.

Option II

Same as Option I

Option III

Same as Option I

Other Variations

The study team also considered the following:

- Maintain the current functions of OTP with reduced staff.

This fails to move non-Presidential functions from EOP.

- Transfer all OTP functions to the Commerce Department.

This fails to provide a neutral home for interagency disputes.

- Transfer the frequency allocation function to Commerce and interagency dispute settlement to OMB and maintain other functions in a greatly reduced OTP.

We rejected it on the grounds that the remaining OTP work would not be fully focused on Presidential matters.

- Provisions for a Presidential Assistant for Telecommunications.

This was rejected because it would increase the number of Presidential advisors on various substantive issues and would increase the size of the White House staff.

FEDERAL PROPERTY COUNCIL

April 30, 1977

	Status		Option		
	<u>Authorized</u>	<u>Actual</u>	<u>I</u>	<u>II</u>	<u>III</u>
Full-time Permanent Positions					
Detailees					
Other					
Budget Authority					

Inactive,
without funds

Functions

1. Review all Federal real property policies with respect to their consistency with Government objectives and submit recommendations and reports to the President as needed.
2. Resolve disputes among conflicting Federal agency claims for use of certain Federal properties.

Background

The Federal Property Council was created by Executive Order in 1973 to foster development of more effective national policies regarding use of Federal properties. Past effort was often to resolve conflicting Federal claims for use of certain Federal properties. Issues raised by GSA and presented to OMB were then referred back to GSA to try to work out. When this failed, the Council was used.

The Federal Property Council has been inactive for the past year and a half. Meanwhile, GSA has accumulated files on many properties held by agencies that in its view should be considered for release as excess. From time-to-time, OMB has urged GSA to move more aggressively with agencies.

When the Federal Property Council became inactive, OMB wanted to proceed without such a body. White House interest resulted in an Executive Order issued by President Ford

(January 1977) reconstituting the Council with the Director of OMB as Chairman. Other designated members were the Chairmen of CEQ and CEA. This seems to be a matter of little political interest. Currently, the Director can review reports of the GSA Administrator and make recommendations to the President on his own initiative.

Unit Description Under The Three Proposed Options

Option I

Rescind President Ford's Executive Order and handle matters of potential Presidential concern by having GSA go to OMB Director with major issues, and the Director to President as needed. (No real change.)

Option II

Same as Option I.

Option III

Same as Option I.

Other Variations

We considered the possibility of implementing President Ford's Executive Order and providing a small staff, but rejected it because (1) FPC is currently inactive and (2) the functions can be performed as well elsewhere.

PRESIDENT'S REORGANIZATION PROJECT

Recommendation Memo No. EOP-2

June 29, 1977

ISSUE: White House Office Staffing Levels

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WHITE HOUSE OFFICE STAFFING LEVELS

INTRODUCTION

The White House Office staff serves the President by providing (1) close administrative and operations support, (2) policy and political advice, and (3) capability for undertaking special projects as required to meet special Presidential needs. The structure and staffing levels of the White House Office should reflect the concerns, management style and work patterns of the President. Therefore, it can have no optimal shape and size.

The study team's concern is whether the Office is making the most efficient use of people and resources to serve the President. We have also attempted to determine which functions serve this President best by being located in the White House Office, and which are useful functions that can be best administered in a non-White House environment.

In this report we discuss each White House unit, and note those incremental changes in personnel and unit functions that will assist the President in the more effective management of his immediate office.

Other studies, incorporated in the overall Executive Office of the President reorganization report, suggest changes in policy process management, administrative functions, and structure--important adjunct decisions to the recommendations made here.

BACKGROUND

The White House Office staff has grown substantially over the years, as indicated by the following summary tabulation:

<u>Fiscal Year</u>	<u>Full-Time Employees</u>	<u>Detailed Employees</u>	<u>Total</u>
1934	45	120	165
1937	45	112	157
1941	62	117	179
1945	48	167	215
1949	220	26	246
1953	262	28	290
1957	364	59	423
1961	342	134	476
1965	294	154	448
1969	314	232	546
1973	496	24	520
1975	533	27	560
1976 (Aug)	474	25	499

Currently, the White House Office has a FY 1977 budget of \$17.2 million and is authorized 485 full time permanent positions--250 staff (political-policy) and 235 operating office positions. As of June 7, the number of positions actually filled were as follows:

	<u>Political- Policy Staff</u>	<u>Operating Offices Staff</u>	<u>Total</u>
Full-Time Employees*	219	242**	461
Detailed Employees	79	21	100
Part-Time Employees			17
Total			--- 578 ===

These numbers do not include military personnel or employees of the Executive Protective Service and Interior Department who are assigned to the White House Complex.

*Includes permanent full-time, temporary extensions and temporary appointments.

**Includes 16 positions considered "political-policy" by the previous administration.

CONCLUSIONS

Our analysis of each of the White House units suggests that overall these units are serving the President well and that there is little need, at this time, for major restructuring. However, we have found some areas where improvements can be made in the efficiency of operations, where functions can be eliminated or performed more effectively elsewhere, and where staff reductions can be made with the least impact on the capability immediately available to the President. We believe that the White House staff can be reduced in size without jeopardizing its capacity to serve the President and that in fact there are advantages in having a smaller White House staff.

A reduction will give the President greater flexibility to add staff to meet future needs. It will also provide better control of staff and will eliminate some non-directed, self-generated work currently being performed. In addition, it will set an example for other governmental reorganizations, enhance Cabinet government and fulfill the President's commitment to the public.

Because the White House Office must be organized to meet the needs of the President, there are no "correct" staff sizes. Reasonable arguments can be made for staffing levels different from those which we have recommended. The EOP project staff has, however, performed an indepth functional analysis of each White House unit, applied their best judgment as to the needs of this President, and developed internally consistent recommendations that we believe are workable.

RECOMMENDATIONS

We recommend that the White House staff be reduced from the current level to 340 permanent positions.

This represents a 30% reduction from the authorized personnel ceiling of 485 positions, and yet retains the necessary elements of a functional, efficient White House.

- . The political-policy staff size would be reduced to 175. Detailed discussion of this recommendation follows.
- . The size of the operations staff would be reduced to 165. Creation of a central administrative support unit for the Executive Office of the President will permit this reduction. A more detailed discussion of this recommendation is presented in the report on the Executive Office of the President.

Recommendations for reducing the White House Office political-policy staff by 30% are summarized in the chart on the following page and are discussed in detail in subsequent sub-sections.

The numbers refer to full-time permanent positions and do not include detailees and special employees such as consultants. Because they provide a means of obtaining the flexibility needed in the White House to deal with unforeseen problems, we do recommend continued use of detailees and consultants, but with care so that their numbers do not rise inordinately and that they do not become permanent substitutes for full-time White House Office staff.

To this end, we recommend that the White House administrative unit establish guidelines for use of these personnel categories and carefully monitor their use throughout the Executive Office of the President.

Most of the recommendations included in this memorandum can be implemented by Presidential directive at any time. We suggest that responsibility for implementing Presidential decisions be assigned to one senior White House aide and that September 30, 1977 be established as the target deadline for implementing all changes. The responsible official should take care to assure that those who lose their White House jobs find suitable employment elsewhere, consistent with the President's promise to all government employees, that reductions do not disproportionately affect female and minority staff members, and that reductions are carefully balanced between professional and clerical staffs.

WHITE HOUSE OFFICE
PRESENT AND PROPOSED STAFFING LEVELS

Page No.	Unit	June 77 Staff Level		30% Reduction from 485 Authorized Positions		Proposed Auth. Staff Level
		Auth.	Actual*	Transfers + In - Out	Position -Reduc-tions	
6	<u>Units with Staff Reductions</u>					
6	Counsel (Lipshutz)	11	13		-1	10
7	Political Coord. (Jordan)	11	11		-2	9
8	Policy Coord. (Eizenstat)	10	10	-2	-3	5
8	Cabinet Sec/IGR (Watson)	12	12		-2	10
9	Public Liaison (Costanza)	15	16		-3	12
10	Cong. Liaison (Moore)	26	27	-5	-2	19
11	Press (Powell)	48	46	+2	-6	44
13	First Lady (Hoyt)	23	23		-3	20
14	Appts. Secy (Kraft)	22	22		-3	19
14	Presidential Pers. (King)	18	16		-6	12
16	<u>Units to be Transferred Out of White House</u>					
16	Energy (Schlesinger)	2	2	-2		0
16	Budget & Org. (Harden)	2	2	-2		0
16	Drug Abuse (Bourne)	1	2	-1		0***
16	IOB (Dennin)	1	1	-1		0
18	<u>Units with No Staff Reduction</u>					
18	Staff Sec. (Hutcheson)	3	4			3
18	Reorganization (Pettigrew)	2	2			2
19	National Security (Brzezinski)	2	2			2
19	Administration (Carter)	2	2			2
19	Ombudsman (Aragon)	2	2			2
19	D.C. Liaison (Mitchell)	2	2			2
19	Special Projects (Schneiders)	2	2			2
	Total Policy-Political Staff	217	219	-11	-31	175
	Total Operating Offices	242	242			165**
	Unallocated Vacancies	26	-			-
	Total Full Time	485	461			340

*Because of fluctuations in staff levels, a given unit may be slightly above or below this figure as of the submission of this report. Includes permanent and temporary staff. Does not include detailees or consultants.

**Based on establishment of a centralized EOP administrative unit.

***If the President decides to abolish ODAP as recommended in the EOP report, a health and drug abuse advisor plus staff of 2 would be placed in the White House Office.

White House Unit Summaries

In this section we present our analyses of and recommendations for each White House unit by three major groupings:

1. Units retaining current functions, but whose staff levels should be reduced;
2. Units to be transferred out of the White House Office; and
3. Units with unchanged staffing levels.

Units with Staff Reductions

Counsel to the President Authorized Staff: 11

RECOMMENDATIONS: Reduction of 1 position to a staff level of 10.

We recommend a staff complement for this unit of four attorneys, four secretaries, and two security assistants. The recommended reduction would reduce the capability to perform "special projects" (such as coordinating the task force on Maine-Massachusetts Indian Land Claims, or drafting proposals for application of equal employment standards to the White House), and to coordinate Department of Justice materials. The remaining capacity would be sufficient to handle legal tasks pertinent to the President and White House staff, and would retain some flexibility.

The necessity for legal counsel in the WHO is a recent development, primarily related to the post-Watergate level of concern for exercise of the highest ethical standards by government officials. Previously, legal counsel had generally been provided by a very small counsel's office and by the Attorney General and Department of Justice, or by the numerous attorney-advisers characteristic of prior modern White Houses.

In the last two decades, there has been an apparent heightened awareness of legal considerations in policy issues. The current Counsel's office has accentuated this trend by assuming particular responsibility for analysis and coordination of issues deemed to have a significant legal component.

This office also provides a special projects capacity for handling task forces or issue analyses that appear to be of Presidential significance but have no clear WHO home. The Counsel also serves as a WHO convener, referee, and arbiter, apart from his role as the President's lawyer.

This office asserts that coordination of legal issues is of paramount importance. This is essentially a new role in the WHO, based upon the apparent assumption that legal expertise on policy questions must be provided in the White House itself.

The special projects activity of this office appears redundant of the operation of the Domestic Council (where substantial legal expertise is found). The projects are certainly important, but often appear to be initiated at the request of someone other than the President.

We do not question the need for a counsel's office in the White House. It is not clear that all of the functions performed by this office are responding to real Presidential needs.

Accordingly, the mission of this office should be restructured towards servicing immediate Presidential legal needs: security, ethics, and conflicts-of-interest work; legal questions pertinent to White House operations (Freedom of Information Act, Title VII, etc.); and intelligence oversight and related matters.

Assistant to the President (Political Coordination)
Authorized Staff: 11

RECOMMENDATION: Reduction of 2 Positions to a staff of 9.
Also, unit should place more emphasis on
political strategy and political coordination
for input to policy formulation.

This unit provides political advice and insight, unencumbered by issue-related responsibilities. As currently constituted, the office maintains political contacts for the President and provides a general flexibility for coordinating large-scale policy initiatives, such as the energy program. No optimal size for the office exists, because its level of effort is dependent upon the activity directed by the President. Our perception is, however, that the office could be even more effective were it in fact to provide political coordination within the White House. Our study indicates that political input to the policy process has too often been sought too late, if at all; this office should be more consistently included in that process.

Assistant to the President (Domestic Affairs and Policy)

Authorized Staff: 10

RECOMMENDATION: Reduction of 5 positions (transfer 2 to the Press Office and eliminate 3) to a staff level of 5.

Three members of the Domestic Policy staff constitute the "Messages" unit, which writes Presidential Messages to organizations and individuals on special occasions. We recommend that two of the three positions be transferred to the Press Office and that one be eliminated.

Additionally, the Domestic Policy Advisor has an in-house research staff (two positions) that is not effectively used. The "Research Office" provides reference support regarding the "Promises Book", prepares briefing notes for Presidential trips, participates in "special projects", and distributes reading materials within the White House Office. These are all tasks for which adequate capacity exists elsewhere in the White House Office (or Domestic Council staff) or in OMB. We recommend that the research staff be eliminated.

Though the proposed reduction in staff would mean a loss in capacity to handle some special projects, we do not believe this will deleteriously affect the operation of this office.

This Administration has drawn heavily upon the Assistant and his non-White House Domestic Council staff for formulation of policy initiatives. If our recommendations for improved policy process management are adopted, the activities of the Domestic Council staff that this office supervises may be significantly redefined.

Assistant to the President (Cabinet and Inter-governmental Relations)

Authorized Staff: 12

RECOMMENDATION: Reduction of 2 positions to a staff level of 10. Delineate more clearly the role of the Cabinet Secretary.

This unit performs two missions (1) providing staff assistance to the Cabinet and (2) coordinating Presidential policy initiatives to improve the Federal government's delivery of grants and services to State and local governments. In our view 2 positions can be eliminated from this office consistent with these roles.

We recommend that the Cabinet Secretariat's mission continue with emphasis on preparing agenda, recording Cabinet proceedings and decisions, following up on Presidential directives delivered during Cabinet meetings, and facilitating Presidential communication to and from this body. We recommend combining the Cabinet routing function with the Staff Secretariat's and assigning Cabinet group staffing for substantive policy issues to either the Domestic or National Security staff. Cabinet memoranda for the President would flow first through the staff secretary who would then forward the submissions to the Cabinet Secretary. The Cabinet Secretary would then handle the staffing and circulation of such Cabinet memoranda to other Cabinet members as appropriate.

We also recommend a clearer definition of the roles of OMB and the Assistant to the President for Intergovernmental Relations. Clearly, the magnitude of Federal Intergovernmental activities cannot be managed on a day-to-day basis by a small White House staff. Instead, the White House unit should retain responsibility for (1) formulating IGR policy; (2) developing IGR programs for Presidential consideration and (3) providing broad policy guidance to OMB concerning the resolution of Federal field problems. OMB would spearhead the operational implementation of government wide IGR policy, developing and exercising management systems to monitor progress.

Assistant to the President (Public Liaison)
Authorized Staff: 15

RECOMMENDATION: Reduction of 3 positions, to a staff of 12.
Development of stronger links with other
White House political units.

The functions of this unit have been added to the White House in the last decade. The office attempts to serve a number of functions: (1) provision of insight to the President and his policy staff on the moods and attitudes of interest groups; (2) outreach to interest groups to seek support and understanding for Administration policy; (3) provision to interest groups and their constituencies of an audience in the White House; and (4) diversion of time-demanding interest group pressures from policy formulators to a staff more available (and willing) to listen.

There is no optimal size for this staff, which can easily absorb any level of personnel assigned to it. Staff reduction of three positions will simply compel greater selectivity regarding which interest groups obtain a White House audience.

The unit is most effective at drawing interest group pressures away from other White House Office personnel, and enhancing the Administration's image by providing visible Presidential concern for problems of different constituencies. It has been less effective than contemplated in garnering support for Administration policies.

The needs of the President suggest that the unit's mission should be redefined and be structured towards the first two listed functions rather than the latter two. Participation in the policy formulation process will require positive action by policy staff in having the public liaison staff solicit interest group viewpoints, and assuring that sufficient attention is paid to the information gained such that public liaison is not deemed merely symbolic participation.

If better links are forged with other White House political units and Congressional Liaison, this unit would become more effective in seeking support for the Administration. It should identify those interest groups most likely affected by particular policies. Such groups should be contacted and consulted early in the policy process, to defuse potential opposition and to encourage public expression of sympathetic views.

Congressional Liaison
Authorized Staff: 26

RECOMMENDATIONS: Reduction of 7 positions (5 through transfer to the Administrative Operations Office and elimination of 2), to a staff of 19. Consideration should be given to changing the focus of the Congressional Relations staff to improve both political input to policy formulation and approaches to promoting the Administration's legislative program. More flexibility should be provided to detail other agency staff to assist in specific initiatives.

The magnitude of new policy formulation activity of this Administration has been at the highest level of any Presidency since Roosevelt. Many of the policy proposals are controversial. Common party affiliation between the President and the Congressional majority has not assured consistent policy support as the Congress has exhibited a high degree of independence. The provision of courtesy services to Congress and the greater

tasks of obtaining Congressional support and intelligence fully occupy this office that already experiences workload problems. Hence, this staff could not be substantially reduced without unacceptable political cost.

The recommended reduction to 19 should be achieved by:

1. Eliminating one of four support staff serving the four House Liaison professionals and one administrative assistant in the Projects Coordination office. Making these changes will demand greater operating efficiencies.
2. Transferring the five member Visitor's Office to the White House operating staff. This unit is already overworked and is necessary in an open Presidency but can be transferred and continue to work efficiently.

Although in the short run it is not possible to reduce the size of the Congressional Relations Office substantially, it should be possible to decrease the staff over the long run as the incumbents become more familiar with their jobs. In this same vein, we also recommend that agency Congressional relations staffs be asked to absorb more of the workload of legislative strategy implementation.

Major assistance to this unit could be provided by implementing a new Congressional Liaison process:

- o White House personnel not part of this unit who have contact with Congressional members or staff report such contacts to this unit; and
- o This unit should draw upon agency Congressional liaison staffs for major legislative initiatives. In addition, the unit should draw on OMB for aid in tracking legislation on a regular basis.

Press Office
Authorized Staff: 48

RECOMMENDATION: Reduction of 4 positions (through elimination of 6 and transfer in of 2), to a staff of 44.

These recommended changes are:

- a. Elimination of two speech writers and one secretary.
- b. Elimination of two news summary personnel.

- c. Elimination of one (possibly two) members of the staff of the Special Advisor for Media and Public Affairs.
- d. Absorption of two members of the "Messages" unit staff, now attached to the Domestic Policy Office.

The President is the most visible of all public servants. The media perception of the President will have an enormous impact on his ability to govern. Both the permanent "White House Press Corps" and the more numerous national press demand frequent and rapid access to White House information. The President, the Press Secretary, and their chief deputies must all be accessible to the press frequently and be prepared to comment upon an almost infinite range of possible topics. Additionally, preparation of briefing materials, and response to constant press inquiries are functions of unquestioned importance, and require a sizable staff.

This staff also assists the President in speechwriting; serves as a liaison with press and broadcast media when the President is traveling and for special events; and provides photographic staff, serving both press and historical-archival functions.

These functions generally serve the President directly and are necessary White House Office functions. The suggested reduction to 44 would not alter primary functions, except as follows:

- a. The Speechwriting unit with excess capacity faces no major functional loss by eliminating two writers and one secretary.
- b. The daily newspaper summary provides a glance at too many periodicals rather than useful summaries of selected significant periodicals. Reduction of staff, encouraging a narrower focus with greater depth on fewer publications, should increase the effectiveness of this Unit, even in the face of reduced capability.
- c. If the Office of Telecommunications Policy is disbanded, as recommended elsewhere in the EOP report, the Office of the Special Adviser for this area in the Press Office could be reduced, since much of its efforts are currently devoted to "overseeing" OTP.
- d. The Messages unit, now attached to the Domestic Policy Office, is functionally quite similar to speechwriting but with a higher technical and lower political content. Thus, the function may be adequately carried out by two of the staff now involved,

under the direction of the Chief Speechwriter, closely linking two similar functions and eliminating one position.

The Media Adviser office has proven useful with regard to media public outreach endeavors, and the pattern of Presidential telecommunication appearances to date supports the utility of a specialist in this area. However, the Media Adviser is not always busy with such work. In addition, he also has a staff which is far removed from outreach media advice to the President, dealing instead with OTP. We thus question whether a separate office in the Press Office is warranted for Media Advice. An Adviser functioning as part of the Press Office operations might better serve the President than one operating primarily from one special project to the next.

Office of the First Lady
Authorized Staff: 23

RECOMMENDATION: Reduction of 3 positions to a staff of 20.

The First Lady's staff mirrors in miniature several components of the Presidential staff: press, speechwriting, and research assistance; scheduling, advance and close-support assistance; and issues advice. The First Lady additionally needs a staff to handle the ceremonial aspects of State entertainment, and to assist with the official personal arrangements for the entire First Family. Our analysis, however, suggest that the following reductions can be made:

- a. Reduce Press Office staff of First Lady from eight to six positions, and rely more upon the White House Press Office. Some of this sub-unit is providing administrative support to the entire unit. The balance of this press staff provides work for the First Lady similar to the White House Press Office, including: press scheduling; response to press inquiries; research and speechwriting; press releases; and advance work.
- b. Reduce the Social Office calligrapher's staff from four to three. The function of this office is related to formal entertainment, and its workload is determined by the amount of entertaining done by the First Family. Between periods of high-intensity work, the calligraphy staff works on relatively routine matters. Better management and time planning should permit spreading the calligraphic workload, although peak demand might require contracting out or, if possible, borrowing calligraphers.

A basic consideration regarding this unit is its degree of autonomy from other White House Office units. The First Lady's staff could be reduced below 20 by increasing dependence upon White House press, issues, scheduling, advance and support personnel.

Special Assistant to the President (Appointments,
Scheduling, and Advance)
Authorized Staff: 22

RECOMMENDATION: Reduction of 3 positions, to a staff of 19.

This unit provides immediate personal support to the President; generally controls access to him and his time; prepares the Presidential schedule; arranges travel plans; provides secretarial, record-keeping, and archival services; and performs other activities such as arranging for surrogate speakers for the President and maintenance of some political contacts.

Three positions should be eliminated: a file assistant; an administrative assistant; and a scheduling assistant. However, because of the many and varied close support tasks performed for the President by this unit, these reductions will have some costs in the unit's effectiveness and responsiveness, though not significantly impairing its ability to perform its mission.

Special Assistant to the President (Personnel)
Authorized Staff: 18

RECOMMENDATION: Reduction of 6 positions, to a staff of 12.
Limit responsibilities to Presidential needs.

The full-time 18 person staff is currently augmented by 15 detailees. However, most Presidential appointments have already been made, allowing the detailees as well as a number of the permanent staff to be reduced.

At the suggested staffing level, difficulty may be encountered in responding as effectively to all current demands made upon the office. Personal responses to all correspondence would not be feasible, and much of the incoming telephone traffic would have to be referred to agencies, the Civil Service Commission, or the White House Comments Office. It will also be necessary to cut back on utilization of the "skills bank." Affirmative action practices now require maintenance of files to enable identification of qualified minority candidates for Presidential appointed positions. Even though most jobs have

been filled, the file and data banks must be maintained to service future needs. However, the existence of this capacity prompts requests for its use in filling non-Presidential positions. Both of these functions could be transferred to a centralized EOP administrative unit.

This office should primarily focus upon identifying and recommending candidates for Presidential appointments. We do not dispute the necessity for providing courtesy services for certain job referrals, and assisting agencies in identifying qualified candidates for non-political positions--but they do not justify substantial staff commitments. It is likely that the existence of these capabilities encourages demand for them. A clear statement that "this office fills jobs for the President" should reduce that demand by emphasizing the limited role of the office.

Units to be Transferred Out of White House

Assistant to the President (Energy)
Authorized Staff: 2

RECOMMENDATION: Transfer the function to the new Energy Department, eliminating 2 positions.

Establishment of the Energy Department will eliminate the requirement for this function in the White House Office.

Special Assistant to the President (Budget and Organization)
Authorized Staff: 2

RECOMMENDATION: Abolish this Office within six months, realigning workload within Administrative Operations.

If recommendations presented in the EOP reorganization report are accepted, the current activities of this unit will be performed by the White House Administrative Unit.

Special Assistant to the President (Drug Abuse)
Authorized Staff: 1

RECOMMENDATION: Transfer the function and staff to the Office of Drug Abuse Policy in the EOP.

The Special Assistant for Drug Abuse is, in fact, the head of the Office of Drug Abuse Policy (ODAP) in the Executive Office of the President. His organizational placement should reflect that arrangement. If the President decides to retain ODAP, the special assistant should be transferred to that unit, retaining his responsibilities for health advice and oversight of the White House Fellows program.

If the President should decide to abolish ODAP, as we recommend, the Special Assistant and two staff assistants should remain in the White House Office.

Intelligence Oversight Board
Authorized Staff: 1

RECOMMENDATION: Transfer IOB as an independent entity to the EOP.

We recommend placing an expanded IOB in the EOP and removing the staff director from the White House staff. The study team is aware, however, that the current IOB members feel the placement of that staff in a separate EOP unit could compromise IOB's mission. If the President wishes to retain the unit with its current mission and staff size, the unit's one full-time staff member could remain on the White House political/professional payroll.

Units With No Staff Reductions

Staff Secretary
Authorized Staff: 3

RECOMMENDATION: No change in authorized positions.

Reduction of one temporary staff member should be possible within 60 days upon the completion of the Nixon materials custodial work.

This unit serves the essential function of paper-flow control within the White House Office. It has some excess capacity in that its peak requirements occur only when the President is working at the White House.

This unit operates efficiently and should assume the paper-routing function of the Cabinet Secretariat. The Staff Secretary should be the initial point of entry for all Cabinet communications. The Cabinet Secretary would assure the circulation of and reactions to Cabinet submissions once forwarded to him by the Staff Secretary. However, if the President chooses to augment current policy processes with the study team's recommended Policy Staff Management System, issues of Presidential importance should reach the Staff Secretary at the earliest possible point. For this reason, the study team believes that consolidation of the Cabinet Secretary circulation would be advantageous. Consolidation would assure early senior staff awareness of issues, and would facilitate a better monitoring of paper flows in the policy formulation process.

Assistant to the President (Reorganization)
Authorized Staff: 2

RECOMMENDATION: No change.

This unit was only recently created and was not included in this study. It exemplifies placement in the White House of single-issue units which logically could be located elsewhere (e.g., OMB-Reorganization), but are placed in the White House to provide special emphasis for and during a major Presidential initiative.

Assistant to the President (National Security)
Authorized Staff: 2

RECOMMENDATION: No change.

The need for foreign policy advice has been firmly established by both custom and current practices. The Adviser's role as head of the NSC staff insures the Presidential perspective in the development of policy.

Special Assistant to the President (Administration)
Authorized Staff: 2

RECOMMENDATION: No change.

Special Assistant to the President (Ombudsman)
Authorized Staff: 2

RECOMMENDATION: See below.*

This unit carries out special assignments primarily related to the poor, and advises the President regarding Hispanic interest groups and their reactions to Presidential initiatives. The work of this unit should be closely linked to other White House political units to improve overall political input to policy formulation.

Special Assistant to the President (D.C. Liaison)
Authorized Staff: 2

RECOMMENDATION: See below.*

This unit reports Black American sentiment on Administration policy and program options, and coordinates DC/Federal/Congressional relationships.

Director of White House Projects
Authorized Staff: 2

RECOMMENDATION: See below.*

This adviser provides an ad hoc special projects capacity which is perceived as valuable but not currently well focused.

*RECOMMENDATION: No change is recommended in the staffing level of these three offices. We do find, however, that they constitute a pool of under-utilized, poorly-coordinated special projects capacity. Such capacity is desirable in the White House, but is currently scattered in the Counsel's Office; Domestic Policy Adviser (and D. C. staff) Office; Cabinet Secretary/IGR Office; Political Coordination Office; and the three Special Assistant Offices listed directly above. Thus dispersed, the capacity appears redundant and poorly directed. It tends to self-generate projects to justify its own existence.

We recommend that each of these three units be attached to one of the major WHO units supervised by an Assistant to the President to insure better accountability and coordination.