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THE WHITE HOUSE  
WASHINGTON

December 21, 1977

Zbig Brzezinski .

The attached was returned in the President's outbox today and is given to you for your information and for forwarding to Secretary Brown.

Rick Hutcheson

cc: Stu Eizenstat  
Tim Kraft

RE: SERVICE ACADEMIES

THE WHITE HOUSE

WASHINGTON

12-21-77

To Harold Brown

Would you schedule for  
Summer 1978 a report to  
you and me by the  
service academies on the  
pertinence of their academic  
curricula to the needs  
of their officer corps?  
Please inform the superintendents  
now that this report will  
be wanted. I believe that  
they are already making  
some improvements.

Jimmy

cc: Stu

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

*to  
or Harold Brown*

ACTION		
FYI		
		MONDALE
		COSTANZA
X		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

		ARAGON
		BOURNE
X		BRZEZINSKI
		BUTLER
		CARP
		H. CARTER
		CLOUGH
		FALLOWS
		FIRST LADY
		HARDEN
		HUTCHESON
		JAGODA
		KING

X	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE  
WASHINGTON

MR. PRESIDENT:

To save your reading time, we are not including the complete Department of Defense study, which is voluminous. Attached is our summary which should provide the necessary information. Recommendations for action are included in our summary. (Attachment A).

A handwritten signature in black ink, appearing to read "Stu". The letters are cursive and somewhat stylized.

Stu Eizenstat

19 Dec 77

Electrostatic Copy Made  
for Preservation Purposes

THE WHITE HOUSE  
WASHINGTON  
December 14, 1977

Q  
/

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
ZBIGNIEW BRZEZINSKI *ZB*  
SUBJECT: Review of Military Academy  
Curricula

At your request, and with the assistance of the Department of Defense and the National Security Council, we have studied all major recommendations of the curricula at the U.S. Military academies. This study included Admiral Rickover's recent recommendations for revisions in the U.S. Naval Academy program.

[ Attachment A is this study. Attachment B is the complete DOD study. Attachment is Admiral Rickover's letter. ]

Conclusions

The central study questions were --

1. Have the military academies maintained the necessary balance between technical and liberal arts curricula?
2. Have the military academies taken steps to insure the quality of education offered?

To answer the first question, we looked at the number of technical courses and the ratio between core and electives at the academies. To answer the second question, we looked at the student population (remedial reading), faculty mix, and comprehensive testing.

We concluded that:

- There is no optimal balance between technical and liberal arts curricula in the absence of knowledge about the officer needs for each

- branch of service. The current need appears to be for officers with a high degree of technical expertise. Therefore, the academies should be encouraged to continue to strengthen their technical offering.
  
- The academies have taken some steps to insure quality instruction. e.g., remedial instruction, faculty degree attainment, but they should be encouraged to take others, e.g., faculty research and writing and post-graduation evaluations. Because of the limited verbal skills of high school graduates, all of the academies require remedial reading, which enables the academies to maintain performance standards in other courses. The ratio of military to non-military instructors (faculty mix) is less important than the instructor's terminal degree and knowledge of recent developments in his field. Thus, faculties should be encouraged to engage in research, writing, and other activities to keep themselves current in their fields. Although the academies do test seniors and post-graduates, the information loop between post-graduation officer performance and academy curricular revisions should be strengthened.



## REVIEW OF MILITARY ACADEMY CURRICULA

At the President's request and with the assistance of the Department of Defense and the National Security Council, we have studied the curriculum at the U.S. Military Academies.

The central study questions are --

1. Have the military academies maintained the necessary balance between technical and liberal arts curricula?
2. Have the military academies taken steps to insure the quality of education offered?

To answer these questions, DOD was asked to summarize all major studies of the academies, including a recent analysis by Admiral Rickover. They were also asked to list all recommendations on curricula and academy actions on those recommendations. (See Attachment B and C for the DOD report and Admiral Rickover's letter.) We have reviewed the findings and recommendations of all major studies of the academies.

### FINDINGS: QUESTION #1

#### Technical Courses

Technical courses are stressed at all three academies as part of the required courses and electives. The academies however, differ in the number of liberal arts courses required and electives.

At all three academies, technical courses are at least one-half of the required courses of all students. The Naval Academy has the most technical baccalaureate program, compared to West Point and the Air Force Academy.

The academies explain these differences on the basis of professional needs in the respective services. A recurring question is whether the technical courses meet the officer professional needs and technological advances of the services. Unfortunately, not enough ongoing evaluation is done to answer this question.

In his recent analysis of the Naval Academy, Admiral Rickover stressed the need for training to keep pace with the technological advances of modern warfare. He concludes that "technology has moved at a much faster pace than has the ability of the people in the Navy to understand, operate or maintain its products."

The Admiral's point further underscores the need for ongoing evaluation to assess performance after graduation from the academy and to update technical courses to keep pace with technological advances where needed.

The Naval Academy continues to move in the direction recommended by Admiral Rickover and others. The Academy has also developed an evaluation program to measure performance one year after graduation from the academy.

The Academy program is guided and evaluated by the Chief of Naval Operations Naval Academy Policy Statement, dated November 1975. This CNO policy statement is the result of Admiral Rickover's efforts to make the Naval Academy curriculum responsive to advanced technology and professional needs. A similar policy statement guides the Air Force Academy.

The Air Force Academy maintains a computerized student file which is used to evaluate professional training and competence. The outcome of these analyses are used for curricular revisions and reforms.

Evaluations of the electives in technical fields at West Point in particular, have stressed the need to increase electives in systems engineering, operations analysis, and computer applications. West Point has begun steps in this direction.

The recommendations for the Air Force had also stressed the need to increase technical electives along with a reduced or consolidated core curriculum and reduced number of majors. ?

For the Navy, the opposite is true. The Naval Academy has had a large range of electives in technical field. Recommendations in recent years have aimed at reducing the number of electives. Admiral Rickover concludes from his analysis that further reductions are needed at the Naval Academy. The number of majors have been reduced from 27 to 18 between 1975 and 1977. The Admiral recommends consolidating the remaining majors into two groups: Engineering and Physical/Social Sciences. He also recommends further reduction in the number of majors within the Engineering and Physical/Social Science cluster as a way of strengthening the program.

### Core/Elective Ratio

Studies for all three academies have recommended consolidation of core courses. The recommendations vary in the need to reduce the number of required courses (the core), and to increase the number of electives. Air Force Academy has in recent years expanded the number of required courses from 99 to 111 hours. This has been coupled with decreased electives. The Army recently completed a reduction in the number of core courses from 48 to 40 courses and an increase in electives.

The value of electives is generally recognized. The disagreements arise over the number of electives (and the number of majors) relative to the core curriculum. There is no optimal ratio. There is concern, however, reflected in Admiral Rickover's analysis and the evaluation studies that all cadets receive the necessary technical training to be competent officers.

Admiral Rickover recommends that the number of electives be further reduced and the core increased through termination and consolidation. Changing the number of electives must continue to be carefully weighed against the officer manpower needed to master and understand technological advances and complex social issues facing the armed forces.

## FINDINGS: QUESTION #2

### Student Population

The quality of instruction is in part dependent on the ability level of the student population. The candidates for the academies are part of the general student population which has experienced a decline in Scholastic Aptitude Test scores in Math and English, the exception being high ability female students.

In addition, the Armed Forces have provided a means of upward mobility for low income students and students from isolated rural communities. Members of these student groups most often enter postsecondary schools needing remediation in the basic skills for the academies.

Recruitment from within the general student population is undoubtedly an underlying issue in any examination of quality instruction. Excellence at the academies is enhanced when the ablest students decide to enter. The military academies compete well with prestigious and desirable colleges and universities for the ablest students.

The military academies have not been immune to the changes in the college-bound student population. As a result, the academies reflect the breadth of talent and ability found on selective college campuses. Also, as a result, recommendations of recent evaluation studies have emphasized the use of standardized tests and the inclusion of mandatory remedial writing and math courses.

The Air Force Academy and West Point use the Graduate Record Examination to compare the performance of its graduating seniors with the national senior population. The Naval Academy requires a comprehensive professional examination and remedial courses in the senior year. Remedial writing and math courses are offered at all three academies beginning in the first year. Because students who need remediation are required to take the courses as a graduation requirement, the academies maintain some control over quality of their graduates.

### Faculty Characteristics

The faculty mix is not directly related to quality of instruction. The proportion of the military and civilian instructors differs at the academies. Both the Air Force and the Army academies have very few civilian faculty. At the Naval Academy, about one-half of the faculty is civilian.

The Army and Air Force have set numerical targets for civilian faculty over the next academic year. The Air Force targets are low. Instead, the Air Force maintains a large guest speaker and visiting scholar program. Faculty mix per se may be less important than student ability and quality of leadership and research scholarship at the academies. Some faculty mix should be encouraged.

All academies have raised the educational requirements of military faculty; differences between military and civilian instructors degrees earned are disappearing. Increasing degree attainment of existing faculty and increasing scholarly research should be encouraged.

The DOD Education Division evaluation study stressed the need for more inter-academy faculty exchange, as well as increased number of doctorates among military faculty. The former recommendation should be encouraged and the faculty exchange program expanded where possible.

#### Summary of Recommendations of Academy Curricula

The DOD has summarized the findings and recommendations of all major curriculum evaluation studies. The academies have either completed or begun action on all of the recommendations. The Naval Academy has moved in the directions recommended by Admiral Rickover and the other studies. West Point under the direction of the new superintendent is moving to establish a testing program, course consolidation and faculty upgrading. The Air Force Academy has increased the core curriculum and is studying the faculty mix question as it concludes the 20 year anniversary study of the Academy.

Close annual monitoring by DOD of the recommendations are listed below:

#### Naval Academy

- Restructure certain technical courses to reemphasize fundamental principles instead of applications.

#### Admiral Rickover's Recommendations:

- Reduce the number of majors from 18 to 11: 5 in engineering and 6 in Physical/Social Science. In addition, a maximum of 25% of the midshipmen in a given class could major in the Physical/Social Science group.

- Reduce the number of electives by consolidating course content where appropriate and terminating nonessential courses. Criteria for termination include (a) relevance to performance of Navy duties, (b) redundancy, and (c) lack of emphasis on basic principles rather than computer solutions.
- Increase the core curriculum from 93 to 112 credit hours, but with reduced number of courses. (The curriculum proposal has a net increase of 6 courses and 19 credit hours added to the core.)
- Reduce the use of multi-level courses by eliminating "easy" courses designed to reduce attrition. Each multi-level course should require valid justification by the superintendent of the Academy.

#### West Point

- Increase electives in systems engineering, operations analysis and computer applications.
- Increase course consolidation in core areas.
- Improve writing and math skills.
- Increase research and writing among the faculty.
- Design and implement a systematic officer performance assessment program for post-graduate evaluation.

#### Air Force Academy

- Evaluate recent increases in core curriculum from 99 to 102 hours against officer manpower needs.
- Use evaluation of competence of graduates at appropriate intervals after graduation to modify the academy program.
- Increase of civilian faculty.

### Conclusions

We concluded the following:

- ° There is no optimal balance between technical and liberal arts curricula in the absence of knowledge about the officer needs for each branch of the service. The current need appears to be for officers with a high degree of technical expertise. Therefore, the academies should be encouraged to continue to strengthen their technical offering.
  
- ° The academies have taken some steps to insure quality instruction, e.g., remedial instruction, faculty degree attainment, but that they should be encouraged to take others, e.g. faculty research and writing, and post-graduation evaluations. Because of the limited verbal skills of high school graduates, all of the academies require remedial reading, which enables the academies to maintain performance standards in other courses. The ratio of military to non-military instructors (faculty mix) is less important than the instructor's terminal degree and knowledge of recent developments in his field in insuring quality instruction. Thus, faculties should be encouraged to engage in research, writing, and other activities to keep themselves current in their fields. Although the academies do test seniors and post-graduates, the information loop between post-graduation officer performance and academy curricular revisions should be strengthened.

### Recommendations

1. That all military academies be afforded the opportunity to brief you on their progress in curriculum revision.
  
2. That all academies continue annual reviews of their curricula to answer the questions posed here --
  - ° Have the military academies maintained the necessary balance between technical and liberal arts curricula?

- ° Have the military academies taken steps to insure the quality of education offered?

3. That the Naval Academy be encouraged to continue its curriculum reform along the general lines recommended by Admiral Rickover and the other studies.

4. That the superintendent of West Point be supported in his efforts to implement quickly recommendations to improve the instructional program.

5. That analysis of the match between the academy programs and officer professional needs be an ongoing part of the academy evaluations. Special attention should be given to full implementation of the DOD recommendation for academy follow-up studies of graduates to measure competence on the job and quality of education at the academy.



ARMY

MISSION, OBJECTIVES AND  
PHILOSOPHY..... 1

STUDIES..... 2

1

## United States Military Academy

A. Mission. The mission of the United States Military Academy is to educate, train and inspire the Corps of Cadets so that each graduate shall have the character, leadership, and other attributes essential to progressive and continuing development throughout a career of exemplary service to the Nation as an officer of the Regular Army.

B. Statements of Educational Objectives:<sup>1</sup> The educational objectives of the United States Military Academy necessarily follow from the mission as amplified by the requirements of the Army. The objectives are the development of the following broad attributes in the individual cadet:

1. A Sense of Integrity--a fundamental necessity which includes both strength of character and personal honor.
2. A Sense of Duty--the element which channelizes the individual's education, training, and experience toward the single objective of service to the nation.
3. Motivation Toward an Army Career.
4. An Understanding of the Reasoning Process--and particularly an appreciation of the different but equally valid reasoning processes used in the basic disciplines.
5. A Flexible Mentality--the ability to cope with rapid and continuous change while at the same time being sensitive to the contemporary social and political environment.
6. An Ability to Communicate--an ability not only to articulate and defend ideas but also to comprehend and appreciate the ideas of others.
7. Respect for Learning--the respect for scholarship and desire for knowledge essential to the continuing intellectual growth expected of the officer in the Regular Army.
8. Professional Knowledge and Physical Attributes--the foundations for setting the example and gaining respect in initial positions of leadership as well as for continuing professional development.

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<sup>1</sup>The Statements of Educational Objectives are quoted from the 15 December 1972 Report of the Curriculum Review Board, headed by Frederick R. Kappel. The Board assessed the role of the United States Military Academy at the request of the Superintendent, USMA.

9. Self-confidence--based upon the perception by the graduate that his education in those areas cited above has been sound and that he has the necessary tools and initial competence required for continuing development in his chosen career.

C. Statements of Educational Philosophy. In 1976, the Chief of Staff of the Army appointed the West Point Study Group and charged it to examine all aspects of the United States Military Academy. On 27 July 1977, the Study Group submitted its report to the Chief of Staff. Several findings in that report reaffirm the basic educational philosophy of the Military Academy and are presented below.

1. "The central idea of the curriculum has been its emphasis on a broad general education intended to provide a sound foundation for the wide range of experiences encountered by the professional Army officer. Since the precise future needs of the service can never be completely defined, the curriculum has been designed to provide an academic base which would support a variety of future requirements. The education stresses the basic and applied sciences, the humanities, and the social sciences."

2. "Cadets are introduced to the theoretical and applied sciences and engineering, the social and behavioral sciences, language, and the humanities. This required grouping of courses is designed to establish a foundation in the mathematical and experimental methods of the physical sciences and their application to science and engineering; an understanding of the concepts, methods of analysis, historical and quantitative techniques of the social sciences; an appreciation of the important scholarly, literary, ethical, cultural, religious, and other institutional foundations of society; and an understanding of human behavior. Building upon this general education, cadets select concentrations in at least one field or discipline to develop the confidence that comes from fuller knowledge and to satisfy their intellectual curiosity. Unifying themes in the disciplines are sought so that cadets may experience the power and recognize the consequences of the integration of learning."

3. "The academic program constitutes a fundamental building block of the four-year experience. It provides the intellectual bases for future education and training, both academic and professional; for the formulation of a personal ethic for the development of character; and for effective decision-making."

4. "The program lays a foundation for developing the judgment and ethics required of professional Army officers. It develops an appreciation of society and the role of the military in it; it fosters an interest in world issues. The learning process enhances the ability to sort information and develop associations among the variety of ideas and facts and then to apply these to defining and solving problems, both practical and theoretical."

5. "Although specialization in the accepted sense is not a primary goal of the academic program, cadets receive exposure to the basic intellectual disciplines that would support post-baccalaureate education and later specialization."



1. Academy: United States Military Academy
2. Study Title: Final Report of the West Point Study Group, dated 27 July 1977 (public release 27 September 1977)
3. Reviewer and Date: Chief of Staff of the Army, 29 August 1977
4. Major Conclusions: A Military Academy education lays the foundation for a life-long career of service. The Army officers of the future will perform in a variety of roles as they have in the past. A base of knowledge allowing graduates to adapt to weapons systems of increasingly complex technology is essential, but equally essential is the base of knowledge needed to lead soldiers effectively, to develop a set of personal values, and to understand political, economic, and cultural issues, both foreign and domestic. The proposed concept for the academic program represents a conscious decision that the Academy should graduate officers who can deal with both the technical and the non-technical worlds. This decision in turn leads to the conclusion that conventional academic majors are neither necessary nor desirable. An intellectual base must be constructed of skills and principles fully mastered, none of which are more important than the power to communicate effectively in the basic languages of daily life--standard English and scientific language. Likewise, an Academy education should emphasize the understanding of general principles, not the memorization of problem-solving formulas. The program should foster a continual development of judgment, ethics, dedication to selfless service, and an appreciation of society.

5. Major Recommendations:

--Reduce graduation requirements to approximately 40 academic courses.

--Establish a core curriculum required for all cadets at not more than three-fourths of the total program. Ensure that each cadet is given a broad general education.

--Retain a strong, though somewhat reduced, math/science/engineering component in the core structure so that cadets learn the experimental and analytical techniques of the basic sciences.

--Allocate sufficient courses from the core to ensure thorough exposure to theoretical and conceptual problems that have no set solutions, such as are found in the behavioral sciences and social sciences.

--Provide a strong preprofessional sequence of social sciences, behavioral sciences, history, and public affairs to develop each cadet's awareness of the people, government and society which he will serve.

--Maintain a four-semester foreign language program for all cadets.

--Include instruction in computer use and management in cadet Automatic Data Processing courses.

--Avoid establishing a full disciplinary "majors" program, which would require too many elective sequences in a variety of areas to support the objectives of a broad, general education.

--Construct comprehensive elective programs from which each cadet is required, with the guidance of a qualified faculty advisor, to select an area of concentration according to his talents, abilities, and interests.

--Offer elective sequences in systems engineering and operations analysis building upon realistic problems and examples from Army life. These sequences might include courses in the methodology of systems engineering followed by practical situations analysis, methodological and analytical tools for problem solving, concepts of modeling, applications to small and large military unit actions, campaign analysis and gaming, and, at the highest level, politico-military interactions.

--Establish a comprehensive and progressive program in ethics and professionalism to prepare cadets for the ethical, personal, and other leadership problems that confront commissioned officers. This program should include courses in introductory and social psychology, organizational behavior and development, leadership, philosophy, introductory and military law, and American institutions and should extend into other appropriate courses. Continue to improve the education plan for all aspects of the Honor Code and System.

--Improve the ability of the cadets to write and to use mathematics. Establish interdepartmental committees, reporting to the Dean, to coordinate instruction in and use of these skills throughout the curriculum.

--Improve significantly the academic content of Military Science taught during the academic year.

--Develop regular communication with the Army Training and Doctrine Command in order to ensure current knowledge of doctrine and advances in military training. Care should be taken, however, to avoid forced relevance to the Active Army at expense of greater intellectual depth in the profession of arms.

6. Actions Taken on Recommendations: The Academy has begun the preparatory work leading to a detailed comprehensive review and analysis of this important study. The report and other actions provide the basis for a systematic and thorough-going reappraisal of the whole range of the Academy's major activities, and for prompt institution of changes where needed. The Superintendent has directed the establishment of nine committees, each tasked with the evaluation of a coherent group of the West Point Study Group recommendations; additionally, some recommendations have been assigned directly to the Deputy Superintendent, the Commandant, and the Dean for study. From all these comprehensive analyses of Study Group recommendations will come implementing directives, changes to applicable USMA Regulations, and policy statements for the Superintendent's approval.

1. Academy: United States Military Academy (USMA)
2. Study Title: Review of the Faculty Mix at the U.S. Service Academies and the Senior and Intermediate Service Colleges
3. Reviewer and Date: Department of Defense team plus consultants,  
March 1977
4. Major Conclusions (pp. 37-38 of study report)
  - a. " ... consider increasing ... total civilian faculty membership to a level of approximately 5%, using an appropriate mix of visiting professors and longer term civilian faculty beginning not later than the 1979-1980 academic year. "
  - b. "Both civilian and untenured military faculty should have an effective voice in institutional planning and decision making ...."
  - c. " ... should have a substantial proportion of experienced faculty with the highest academic qualifications on the permanent faculty. "
  - d. " ... a substantial proportion of military faculty is essential in carrying out the missions of the academies to produce career officers. "
  - e. " ... should place increased emphasis on the number of faculty with Ph.D.s. A minimum of one-third should be seen as a goal. In general, we feel that no civilian faculty should be hired without the Ph.D. while all military faculty when assigned should have completed at least a master's degree and, if possible, all the requirements for the Ph.D. except the dissertation, in the field in which they will teach. "
  - f. " ... should encourage faculty development. All professors, civilian and military, should be allowed time, and be expected to carry on research and writing. It is especially important that military faculty be allowed time to work toward the completion of their Ph.D. dissertations. "
  - g. "Tenure for military and civilian faculty should be granted only after substantial probationary faculty service, and after a careful review of teaching and research performance by a faculty tenure committee. In considering a professor--military or civilian--for tenure, there should be provision for external evaluation of his work and potential by leading scholars in his field. "
  - h. " ... should avoid 'in-breeding'" Probably not more than half of the faculty at each academy should be former graduates. As far as possible each service should draw military faculty for its academy from its general pool of officers with advanced degrees. If this pool does not suffice, a service should

## Review of the Faculty Mix at the U.S. Service Academies and the Senior and Intermediate Service Colleges - Cont

ensure that its graduate education program provides for the training of future military faculty. Officers assigned to an academy faculty ordinarily should serve at least three or four years, and longer extensions should be considered.

i. "Given the benefits of diversity, the faculty exchange program among the academies should be continued and expanded."

5. Major Recommendations: This report contained no recommendations.

6. Actions Taken on Conclusions:

a. During Academic Year 76-77, 1.6% (six tenured and three visiting professors) of the academic faculty was civilian. On 21 April 1977 USMA developed a plan to increase the civilian visiting professor program from the six scheduled for AY 77-78 to a goal of 13 beginning AY 79-80.

b. Both civilian and untenured military faculty increasingly are being appointed to committees that are charged with the task of planning curricular changes.

c. USMA continues to add to the number of experienced faculty by increasing the number of civilian visiting professors and by increasing the number of military faculty with tenure. Members of both of these categories possess, as a minimum, Ph.D.s in their respective disciplines.

d. Because USMA believes in the added importance of its faculty as professional role models for cadets, it will continue to draw 95% of its academic faculty from officers who have demonstrated outstanding military and academic performance.

e. USMA agrees that the numbers of higher graduate degrees should be increased, and is working closely with Department of the Army to increase these numbers, consistent with budgetary and professional needs of the Army at large.

f. USMA agrees with the need to encourage faculty development.

g. Procedures for granting tenure to military faculty members have included committee evaluation of teaching experience, and they have been expanded considerably to include evaluation of scholarly research and writing as well as consultations with leading civilian scholars in the disciplines for which the candidates are being considered for tenure.

**Review of the Faculty Mix at the U.S. Service Academies and the Senior and Intermediate Service Colleges - Cont**

h. In addition to expanding the visiting civilian professor program, USMA continues to increase the number of non-USMA graduates on its military academic faculty. During Academic Year 1973-74 28% were nongraduates, and, during Academic Year 1977-78, 42% are nongraduates.

i. USMA is studying ways in which to improve its participation in the faculty exchange program among service academies.

1. Academy: United States Military Academy (USMA)
2. Study Title: Academic and Military Programs of the Five Service Academies
3. Reviewer and Date: General Accounting Office (GAO), October 31, 1975.
4. Major Conclusions:

a. "There is a continuing need to study and update the academies' curriculums to keep them forward-looking and in tune with technological advancements and changes in strategically important areas in the world. The academies, using internal and external study groups, have attempted to meet this need through periodic reviews of their programs and should be commended for these efforts. We suggest that, during future reviews, the study groups consider introducing or expanding such courses as those dealing with the application of laser technology and with such foreign languages as Arabic and Japanese, which are gaining international prominence."

b. "The academies must also guard against the introduction of technical, service-related training into the academic curriculum. They should resist any efforts to teach the field manuals as academic subject matter; such topics should be relegated to the military training area if they must be taught at the Academy. Any changes toward making the Defense academies into 'trade schools' should be avoided."

c. "The Academy's programs are designed, in our opinion, to produce the qualified officers the Army needs. Its graduates are equipped with a sound general academic background on which to build their specialities as career officers. We believe, however, that systematic programs to evaluate cadets before and after graduation are needed.... The adoption of a comprehensive professional examination would insure that all cadets had been properly prepared for their future assignments."

d. "To aid the continuing development of its programs, we believe the Academy should establish a systematic method of assessing graduate performance. We believe that monitoring graduate performance, from the viewpoints of both the graduate and his immediate supervisors, would enhance the existing formal and informal feedback systems. It would give the Academy better information on whether or not its programs are producing the type of graduates needed by the Army. We believe this would best be accomplished through regular rather than ad hoc assessments."

5. Major Recommendations:

a. "We suggest that, during future reviews, the study groups consider introducing or expanding such courses as those dealing with the application

## Academic and Military Programs of the Five Service Academies - Cont

of laser technology and with such foreign languages as Arabic and Japanese, which are gaining international prominence."

b. GAO made no specific recommendations on how to guard against the "trade school" danger.

c. "We recommend that the Secretary of Defense direct the Army to ... Establish a comprehensive examination for first-classmen to verify their level of professional competence."

d. "We recommend that the Secretary of Defense direct the Army to ... Establish a systematic program to assess graduate performance."

### 6. Actions Taken on Conclusions/Recommendations:

a. The flexibility of the elective program permits revision of course offerings to reflect technological advancements and changes in strategically important areas in the world. The existing curriculum includes a four-term sequence in Arabic and an elective offering in Laser Physics. Additionally, the present USMA Curriculum Committee, resulting from the Department of the Army Final Report of the West Point Study Group, is addressing further the reflection of the needs of the Army in its recommendations of a revised curriculum.

b. The Military Academy holds as one of its primary goals the need to educate its cadets for continued service as Army officers in any position of leadership and responsibility. To that end, cadets receive some service-related training during their four years at USMA, but much of the specialized training is received upon graduation. The academic program offers a broad base of courses in the sciences and humanities to provide its graduates with the intellectual basis for leading in an Army that faces a future of both unknown technological changes and increasingly complex human relations.

c. Department of the Army DCSPER directed study, which USMA forwarded to DCSPER on 12 December 1975. The study concluded: "In sum, a single examination could appear to be inadequate, possibly distractive, less reliable, than present systems, and not in the best interest of the Army. Although a comprehensive examination has not been created in view of the above conclusion, USMA is following current trends in the Army and is establishing more definitive training standards and objectives in technical professional training.

d. In response to a Department of the Army DCSPER query concerning assessment of graduate performance, USMA recommended that DCSPER establish a study group to design a complete, systematic officer performance assessment program. A Cadet Quality Development and Commitment Committee has recently been formed.

1. Academy: United States Military Academy (USMA)
2. Study Title: Department of Defense Committee on Excellence in Education
3. Reviewer and Date: Deputy Secretary of Defense, 28 April 1975.
4. Major Conclusions:

a. "There is a firm basis in the curricula of the Academies for expanded dialogue between them in the interest of improving the excellence and commonality of all three."

b. "... the missions of the Service Academies are best served by having highly qualified young officers with recent field or fleet experience teaching in the majority of classrooms.... Civilian members also play a valuable role in providing quality education at the Service Academies to the extent that they provide levels of academic achievement ... beyond that which can be expected from line military officers."

5. Major Recommendations

a. "... the three academies should explicitly define those courses which are, or can be, shared in the Common Core ... each Academy should detail the relationship between the common core, service specific courses and electives."

b. "The Academies should study the value and desirability of creating an Inter-Academy Academic Review Council, by which the Academies could collectively evaluate the academic excellence of courses in all three curricula."

6. Actions Taken on Recommendations/Conclusions:

a. The three service academies conducted a comprehensive analysis of those courses in the common core curriculum to find ways to share and improve educational excellence. In early 1976 certain Department Heads and other professors from the three academies met on several occasions to exchange course information. Lesson-by-lesson analyses were conducted by Department Heads at each academy for common core subjects. Creative ideas, effective pedagogical techniques and planning rationale have been shared by those who are responsible for shaping academic courses at the three academies.

b. On 8 May 1975 the Superintendents appointed the Inter-Academy Academic Coordinating Committee, comprised of the Academic Deans of the academies. The Committee meets at least four times each year and provides the impetus for exchange of information that lead to curricular refinements.

c. The Military Academy has moved toward increasing its civilian representation on the faculty by expanding the Visiting Professor program. The goal is to increase the number of Visiting Professors from the current number of six

1. Academy: United States Military Academy (USMA)
2. Study Title and Description: Report of the Curriculum Review Board (Kappel Board).

a. In April 1972 the Superintendent, with the concurrence of the Secretary of the Army, asked that an external review board conduct a broad-ranging study of all Military Academy programs to include the areas listed below.

- (1) The educational objectives of the U.S. Military Academy.
- (2) The curriculum, with particular emphasis on the degree of specialization available to the individual cadet.
- (3) The Leadership Development Program, to include the programs for developing cadet self-discipline and sense of responsibility.
- (4) The entrance requirements and admissions procedures.

b. On 15 December 1972 the Curriculum Review Board submitted its report to the Superintendent. The Board consisted of Mr. Frederick R. Kappel (chairman), Dr. Frank A. Rose, General (Retired) Charles H. Bonesteel III and Professor Roy Lamson.

3. Reviewer and Date: Department of the Army, March 1973.

4. Major Conclusions:

a. "We find a continuing requirement for a broad general education having sufficient depth to enable some graduates to fulfill specialized requirements at a later time in their careers . . . . The Academy authorities are using a number of established objectives toward which all their programs are oriented and that these objectives are correct. They necessarily follow from the mission as amplified by the requirements of the Army."

b. "... the present general curriculum adequately prepares the USMA graduate to fulfill the Army's requirement now and should continue to do so in the foreseeable future."

c. Continuation of a curriculum review process is imperative.

5. Major Recommendations:

a. "That the Academy retains its broad general curriculum with substantially the present level of opportunity for specialization unless the Army's requirement for the USMA graduate should change from that of maximum flexibility of utilization to one of a high degree of academic specialization."

## Report of the Curriculum Review Board (Kappel Board) - Cont

b. "That the Academy authorities continue their practice of conducting periodic reviews of the curriculum, using outside consultants as appropriate."

c. "That the Academic Board endeavor to provide the same number of elective options for all areas of concentration and to defer the cadet's decision on area of concentration until the latter part of his Third Class year."

### 6. Actions Taken on Recommendations:

a. No action required on recommendation 5a.

b. In January 1976 the Superintendent appointed an internal Curricular Study Group to review the Military Academy's academic program and curriculum to determine ways they could be strengthened and improved. The results of the Study Group were approved by the Academic Board in November 1976. However, the recommendations were not implemented due to the concurrent creation of a Special Department of the Army Study Group, tasked by the Chief of Staff of the Army to review all aspects of the Military Academy, to include the curriculum.

c. The number of elective offerings for each area of concentration are now reasonably balanced. Cadets now decide on their area of concentration in the spring of Third Class year.

1. Academy: United States Military Academy (USMA)
2. Study Title and Description: Report of the Evaluation Team representing the Middle States Commission on Institutions of Higher Learning. The team conducted its accreditation evaluation 16-19 February 1969.
3. Reviewer and Date: Superintendent, the Academic Board and the Board of Visitors, May 1969.
4. Major Conclusions: The report of the Evaluation Team was not structured in terms of conclusions and recommendations. It consisted of general comments and a discussion of areas of strength and areas worthy of particular attention. The following extracts from the report can be considered as conclusions, by nature of their content.
  - a. "The art of instruction is highly regarded at the Academy, but methodology is not permitted to take precedence over educational content. Classes and courses are organized with clarity of purpose, and the purposes are well within the range of student comprehension."
  - b. "We feel that it is more important for future career officers to be acquainted with the methods and meaning of intellectual specialization than it is for them to acquire an in-depth knowledge of any particular field. As they progress through the branches of the service they will have the opportunities for acquiring this type of knowledge. As cadets they need to learn 'how' rather than 'what'."
5. Major Recommendations:
  - a. Although there should be a greater opportunity for academic specialization in the Military Academy's curriculum, a majors program should not be implemented.
  - b. Liberalize the validation of college-grade work completed by cadets to allow them a greater degree of educational flexibility.
  - c. Reorganize certain departments and establish a Department of History.
6. Actions Taken on Recommendations:
  - a. The Military Academy's program of allowing cadets to concentrate in a particular academic area of interest, through judicious choice of electives, permits them a degree of specialization short of a majors program.
  - b. Recommendations 5b and 5c were implemented.

1. Academy: United States Military Academy (USMA)

2. Study Description: The United States Military Academy Faculty Review Board (USMA FRB) was appointed by the Chief of Staff of the Army on 11 December 1967. The Board consisted of Harlow J. Heneman, Ph.D., Cresap, Mc Cormick and Paget; Andrew J. Goodpaster, General, United States Army; and John E. Vance, Ph.D., Professor of Chemistry, New York University.

3. Reviewer and Date: Board members submitted their report to General William C. Westmoreland, Chief of Staff of the Army, on 8 July 1968.

4. Major Conclusions:

a. "In the words of a former Superintendent of the Military Academy, 'our curriculum must continue to provide the educational base for continued and progressive intellectual development of each graduate . . . we can never, however, accept a 'steady state' in our curriculum. American education is in an era of dynamic change . . . it is most important that we incorporate and adopt the best of new educational developments, and that we be ready to discard courses which lose their timeliness.' The members of the FRB support these views."

b. ". . . in the interest of the best utilization of the faculty teaching personnel, there should be careful avoidance of change simply for the sake of change."

c. ". . . course proliferation is a problem in many colleges and universities and often results from the desires of individual faculty members or from inadequately planned efforts to meet changes in fields of knowledge."

d. "The present system utilizing a military faculty appears to be working very well and should continue to do so as long as the requirements of the Military Academy for outstanding faculty members receive sympathetic attention and cooperation from the branches of the Army and the Office of the Chief of Staff. The FRB sees no compelling reason to increase the number of civilians in teaching roles except in specific cases where a clear and pressing need to do so may arise."

e. The faculty needs more individuals with doctorates.

f. More non-Academy graduates are needed on the faculty.

g. ". . . it seems clear that there is a great need for more continuity and stability on the faculty and this will necessitate more positions with permanent or tenure status."

## Report of the USMA FRB - cont

extent of needed changes in light of curriculum studies then in progress. During the intervening years, these area committees have annually reviewed proposals for adding or deleting electives to insure the worth of these courses, and they have submitted their recommendations to the Academic Board.

d. Since 1968, USMA has developed the civilian visiting professor program and expanded it in response to the Department of Defense Faculty Mix Study. USMA believes the great majority of the academic faculty should remain military.

e. During Academic Year 1967-68, 45 of the 406 academic faculty members had Ph.D.s. The number of faculty with Ph.D.s has almost doubled since then.

f. USMA has a goal of 50% non-Academy graduates on the academic faculty. During Academic Year 1967-68, 26% of the academic faculty were non-Academy graduates. During Academic Year 1977-78, 42% are non-Academy graduates.

g. In 1968, USMA began to increase the number of associate professors with tenure, and the number since then has more than doubled.

1. Academy: United States Military Academy (USMA)

2. Study Title and Description: The Superintendent's Curriculum Review Group, USMA, 1966. This group was appointed by the Superintendent in the autumn of 1965 to "examine the program at the Military Academy, quietly and informally, and to report to the Superintendent any . . . findings that . . . would be helpful in the effort of all concerned . . . to maintain in the Academy the excellence of education required fully and best to carry out the Academy's basic mission . . . ." The Committee was chaired by General Charles H. Bonesteel, III.

3. Reviewer and Date: Superintendent, USMA, September 1966

4. Major Conclusions:

a. "The curriculum is currently (1966) well oriented and balanced . . . to support the mission of the Military Academy . . . ."

b. "In general, our view is that if there be any increased specialization at the Military Academy, it should be in the direction of specializing on the basic task of producing the future Army officer best fitted to meet the requirements our nation will place upon him. At the same time, it is clear that as individuals, Army officers in the future will face an increasingly wide variety of tasks, particularly in their later careers, and will make their maximum contributions in different ways. Therefore, the basic mission of the Military Academy is not incompatible with a continuing consideration of opportunities for greater diversification in the academic parts followed by individual cadets."

c. The curriculum should remain under continuing review to insure that the required courses in the core curriculum are truly of general utility in an officer's career.

d. ". . . the graduating cadet should, so far as is feasible, leave West Point a well educated man, well grounded in the theoretical, liberal and intuitive branches of knowledge."

5. Major Recommendation: "Encourage continuing review of the total curriculum for new ways to help provide the cadet with (a) better understanding of its profession of arms and its meaning, responsibilities and challenges of the future."

6. Actions Taken on Recommendation: See other summaries of studies attached as part of this total input.

NAVY

PHILOSOPHY ..... 1  
STUDIES..... 2

NAVY

1

## U. S. Naval Academy Educational Philosophy

The Naval Academy's formally stated mission is "To prepare midshipmen morally, mentally, and physically to be professional officers in the naval service." The Naval Academy is basically an engineering school, and has been since it was founded in 1845. Today, naval officers are expected to be fully capable of utilizing the most advanced technology in the world as everyday tools of their trade. For that reason, a substantial technical foundation is one of the more prominent features in the USNA curriculum; however, it is not the only area of concentration.

The Naval Academy seeks to maintain the same high quality of general education as other fine schools whose principal concentration is in engineering and science; but there is one basic difference. Where other undergraduate institutions may seek to offer the widest possible range of disciplines to satisfy individual desires of many students, the Naval Academy must set as a principal criterion for its programs the Navy's requirements for seagoing officers of the line. That criterion forms the foundation on which the overall curriculum is structured, both in terms of range and depth of study. At the same time, the Naval Academy recognizes the need for a balanced curriculum that not only ensures adequate addressal of the special requirements of the service, but also offers a variety that is sufficient to challenge the wide range of interests in a remarkably heterogeneous student population. The present curriculum seeks to do both, but the needs of the Navy come first.

Each officer who graduates from the Naval Academy must be fully qualified academically and professionally to assume a position of leadership as a line officer in the Navy or Marine Corps. In the demanding environment of these two services, one must define that leadership in the broadest context. A capable officer certainly must display the traditional personal traits associated with good leadership; that is, he must be thoughtful, tough, sensitive, articulate, compassionate, and so forth. But to lead other men and women effectively in the Navy's complex three dimensional environment, an officer must have more than that. He or she must also be able to demonstrate three critically important prerequisite characteristics: professional competence, personal integrity, and physical and mental stamina.

The entire program at the Naval Academy is an integrated effort to develop these prerequisites. The academic and professional curricula are designed to provide each graduate with a broad academic foundation in mathematics, science, engineering and the humanities upon which the graduate can later build specific competence in his warfare specialty and subsequent assignments after graduation. The range, depth and rigor of the educational programs foster the development of mental stamina, while the habit of physical stamina evolves during the course of an intensive program of athletic competition and physical education. Satisfaction of the other prerequisite, a well developed sense of personal integrity, is addressed by participation in a realistic military environment that encourages the growth of that characteristic in each individual.

This broad statement of policy is amplified by specific guidance provided by the Chief of Naval Operations from which is derived the following graduation criteria:

Career Assignment. The educational foundation of each graduate must support assignment to any of the four combatant career fields, including the most technically demanding of the four.

Undergraduate Competence. The curriculum shall be structured to equip each graduate with a general educational foundation sufficient for extended service without the need for further formal academic education.

Graduate Program Eligibility. The basic educational foundation must ensure eligibility for formal graduate education where the needs of the Navy require it.

Technical Utilization. Majors shall be offered in engineering, science, and in the humanities and social sciences; however, eighty percent of each class must major in engineering and scientific disciplines to satisfy requirements for technical expertise in the naval service.

2

1. Academy. U. S. Naval Academy

2. Study Title. Review of the Faculty Mix at the U. S. Service Academies and the Senior and Intermediate Service Colleges.

The Conference Report of the House and Senate Armed Services Committees for FY 1977 directed the Department of Defense to study the desirability of using more civilian faculty at the three Service Academies. The quality or content of the curriculum was not a subject of the study, per se. The faculty mix study was made considering the curriculum in being at each Academy.

3. Reviewer and Date. DOD team plus consultants; March 1977.

4. Major Conclusions. The major conclusions of this study were directed primarily to the other Academies, since their faculties are made up almost entirely of military officers.

1. Academy. U. S. Naval Academy
2. Study Title. Academic Program Review

In February 1977, a two phase review of the academic program was initiated. Phase I addressed the core curriculum and Phase II dealt with various majors offered. The goals of the review were to:

a. Phase I

(1) Validate the requirements for the individual courses.

(2) Ensure course objectives are realistic in terms of time available and actual level of competence required.

(3) Evaluate course content in terms of applicability (academically and professionally).

(4) Ensure course-to-course compatibility so that midshipmen possess basic academic background and skills to progress through the professional engineering courses.

(5) Ensure that the core curriculum provides the basic building blocks upon which upper level courses in appropriate majors can be structured.

b. Phase II

(1) Evaluate majors in terms of their objectives.

(2) Ensure that required and elective courses support the majors' objectives.

3. Reviewer and Date. Superintendent, U. S. Naval Academy, with the advice and assistance of the faculty and staff; Winter/Spring 1977.

4. Major Conclusions.

a. Verification that the basic mathematics and science courses provide the necessary prerequisites for the advanced science and engineering courses taught as part of both the core and majors curriculum.

b. Clarification of the interrelationships that exist among the courses and the fact that the academic program at the Naval Academy is a continuum, with each course building on knowledge gained from previous courses.

5. Major Recommendations

a. That certain courses be restructured to reemphasize the teaching of fundamental principles instead of concentrating on applications.

b. That changes be made in designated majors to improve their content.

## 6. Action Taken

a. Significant changes in the core courses offered by the Naval Systems Engineering and Electrical Engineering Departments, and minor changes in other core courses were made as a result of the Academic Program Review.

b. Changes in the Mathematics, Electrical Engineering and Chemistry majors and in courses offered by the English and History Departments have also been made.

c. A new reference, the Core Course Compendium, has been published and distributed to all midshipmen, faculty and staff. This publication contains descriptions of the core courses in terms of individual course prerequisites, objectives, content, and skills expected upon completion of each course.

1. Academy. U. S. Naval Academy

2. Study Title. Academic and Military Programs of the Five Service Academies

3. Reviewer and Date. General Accounting Office, Report dated October 31, 1975

4. Major Conclusions.

a. The Academy's programs appear to be generally serving the needs of the Navy and have, for the most part, been responsive to changes in the needs of the naval communities.

b. The Navy needs to give special attention to upgrading the academic credentials of the Academy's faculty.

c. The Naval Academy has been most imaginative by taking the lead to develop formalized systems to evaluate its programs and graduates. These efforts should continue, and the systems should be refined and improved as the results are reviewed.

5. Recommendation. That the Secretary of Defense direct the Navy to establish a program to insure that all members of the academic faculty possess advanced degrees.

6. Action Taken

a. Action was taken to upgrade the academic credentials of both civilian and military members of the faculty. It is now the Academy's policy that all newly hired civilian faculty must possess an earned doctoral level degree, and preferably have significant university level teaching experience. In the last two years, all civilian faculty hired have had a PhD or equivalent degree and have averaged more than 5 years teaching experience in other universities. Over this same period, the number of officer faculty members teaching academic courses, but whose highest earned degree is at the baccalaureate level, has been reduced by two thirds. Of the 25 such officers who remain on the faculty, 14 are teaching in the English and History Departments, academic disciplines in which the Navy has no graduate education programs.

b. The use of formalized systems to evaluate USNA programs and the performance of its graduates is continuing; and the systems have been reviewed and revised as appropriate. Basically, these programs survey opinions of Naval Academy graduates a few years after graduation, asking them to evaluate the benefits and applicability of various aspects of their academy education with respect to their assignments as junior officers. Based on the results attained from these opinion surveys, changes in the professional program at the Naval Academy have been incorporated.

1. Academy. U. S. Naval Academy
2. Study Title. Review of Common Core Curriculum
3. Reviewer and Date. DOD Committee on Excellence in Education; Spring 1975.
4. Major Conclusions.

a. That the academic underpinnings provided to future officers by the military service academies should contain an appropriate number of shared elements. Consequently, there is a need for the development of a sound and readily understandable curriculum comparison.

b. That the curriculum of each academy can be subdivided into three components:

(1) Common Core: Those courses required at all three academies.

(2) Service Specific Required: Those courses required of all students at one academy, but not required at the other two academies.

(3) Elective or Majors Program: Those courses over which individual cadets/midshipmen exercise some degree of selectivity.

#### 5. Major Recommendations

a. That the three academies explicitly define and analyze those courses which are, or can be, shared in the Common Core.

b. That the relationship of service specific courses to particular service requirements or views be identified.

c. That the rationale for the particular elective or majors program be explained.

d. That the academies study the value and desirability of creating an Inter-Academy Academic Review Council for evaluating academic excellence of courses in all three curricula.

#### 6. Action Taken

a. The three academies collectively identified those courses which are essentially common, and a topic-by-topic analysis of each of the courses was made.

b. The recommendations made in 5a and b were accomplished by identifying the manner in which the components of the Naval Academy curriculum support the attainment of the basic criteria that must be met by each graduate with regard to career assignment, competence at the baccalaureate level, graduate program eligibility, and technical utilization in the fleet.

c. An Inter-Academy Academic Coordinating Committee has been established. The committee is composed of the Academic Deans of the three military service academies, and the committee's chief concern is the exchange of ideas relative to curricular matters.

d. Liaison between faculty members, department chairmen, and other administrative officers of the three academies has been established.

1. Academy. U. S. Naval Academy

2. Study Title/Description's. Majors Program Analysis

3. Reviewer and Date. Superintendent, U. S. Naval Academy, with the advice and assistance of the USNA Academic Advisory Board; Fall/Winter 1976.

4. Major Conclusions.

a. The number and content of majors offered were not fully consistent with service requirements as specified in the Chief of Naval Operations' policy guidance for the Naval Academy.

b. The number of majors offered in the humanities was not consistent with the number of midshipmen able to select those majors.

c. Majors were being offered in specialized subject matter more properly taught at the graduate level.

5. Major Recommendations. not applicable

6. Action Taken.

a. The Operations Analysis major was incorporated into the Mathematics major.

b. Majors in European Studies, Far Eastern Studies, Latin American Studies, Soviet Studies, International Security Affairs, and American Political Systems were consolidated into a single, better focused major in Political Science.

c. The Engineering Physics major was made part of the major already offered in Physics.

d. The Biological Sciences major was cancelled by direction of Congress and its related courses are no longer offered.

e. Majors in Analytical Management and in Management and Technology were combined and completely restructured into a single Resources Management major oriented around what a junior officer must know about the Navy's material and maintenance management systems.

1. Academy. U. S. Naval Academy
2. Study Title/Description. Fourth Class Indoctrination Program Review
3. Reviewer and Date. Superintendent, U. S. Naval Academy, assisted by the Commandant of Midshipmen; April/May 1977.

4. Major Conclusions.

a. Recognized that many elements of Midshipman Fourth Class (Plebe) indoctrination program had existed for years with no discernable link to specific objectives for the professional education of midshipmen.

b. Identified need to specifically state objectives of Fourth Class indoctrination program and restructure elements of the curriculum in support of those objectives.

5. Major Recommendations. not applicable

6. Action Taken.

a. Specific objectives were established for training new midshipmen. Practices not consistent with these objectives were terminated; e.g., "fraternity initiation" type evolutions, questions on extraneous material, etc. The principal elements of basic military indoctrination are now accomplished during Plebe Summer.

b. Formal academic instruction was introduced into Plebe Summer.

c. A comprehensive examination was established at the end of the summer training period for all involved instructors, as well as students. The principal professional development of Fourth Class during the academic year is now accomplished through the academic program.

1. Academy. U. S. Naval Academy

2. Study Title/Description. Audit of Core Curriculum

3. Reviewer and Date. Superintendent, U. S. Naval Academy, with advice and assistance of Academic Advisory Board; Fall, 1975.

4. Major Conclusions.

a. Academic rigor and depth of coverage in basic core courses in mathematics and science did not provide an adequate foundation for engineering courses required by the Chief of Naval Operations' policy guidance for the Naval Academy. Multilevel course sequences in mathematics provided unequal preparation for midshipmen to proceed to follow-on courses.

b. Naval Academy graduates reflected national downward trends in verbal skills.

c. The core course in history placed too great an emphasis on naval history at the expense of a broad historical perspective.

d. A core course in economics would provide useful background for all USNA graduates.

5. Major Recommendations. not applicable

6. Action Taken.

a. The core curriculum was restructured to provide a strong foundation in mathematics, science and basic engineering for all midshipmen, regardless of their major selection. 93 of the 140 semester hours required for graduation are spent in the core curriculum, and another 12 semester hours of study is required in the humanities and social sciences.

b. Four semesters of mathematics through differential equations are now required of all midshipmen. There are still two 4 semester math sequences in the core math program; however, the only significant difference between them now is in the pace. Both are completed in 4 semesters, but an additional semester hour (approximately 16 classroom sessions) is included in the third semester of the slower paced course in order to cover the same material. Placement is by validation examination, not by major selection or student personal preference. Summer school, in lieu of annual leave, is mandatory for any midshipman who needs additional instruction to meet this timetable.

c. Time devoted to basic principles in Chemistry and Physics was increased at the expense of introductory work in specific applications.

d. An additional course in writing is being added to the core curriculum and remedial instruction has been initiated for those who require it. Placement is by written examination.

e. A required course in the basic history of western civilization was installed to assist students in placing U. S. naval history in its proper context.

f. No core course in economics was introduced for two reasons: (1) Competing demands for time in an already crowded academic schedule militated against adding an additional course, and no existing course of lower priority was identifiable. (2) It was determined that an average of 85% of each graduating class has taken at least one course in economics as one of their required electives in the humanities/social sciences.

1. Academy. U. S. Naval Academy

2. Study Title/Description. Audit of Professional Curriculum

3. Reviewer and Date. Superintendent, U. S. Naval Academy, with the advice and assistance of the USNA Academic Advisory Board; Spring 1976.

4. Major Conclusions.

a. Many needless redundancies existed among training programs administered by the Commandant of Midshipmen, summer cruise programs, and courses taught by academic departments.

b. Navigation courses were not adequately coordinated with summer cruise, or related to knowledge required by a junior officer.

c. Professional courses in weapons and engineering emphasized existing hardware rather than basic principles and did not exercise basic skills in mathematics and science developed in the core curriculum.

5. Major Recommendations. not applicable

6. Action Taken.

a. All professional academic instruction and training programs, including summer cruises, were consolidated under a single director, who heads a new organization entitled the Division of Professional Development. Redundancies were eliminated. Prime emphasis was shifted to afloat training in navigation, shiphandling, engineering plant operations and maintenance, and damage control. Rigorous qualification standards modeled on those found in the fleet were established.

b. Navigation course timing and content were revised to take better advantage of practical opportunities at sea. The first course (piloting) is now taken just prior to the second class (junior) coastal cruise. The second course (celestial & deep ocean navigation) is taken just before first class (senior) cruise in fleet units.

c. The shipboard engineering course was rewritten to emphasize basic engineering principles of thermodynamics and fluid mechanics. Applications are now keyed to an operational steam plant in the academy's engineering complex, Rickover Hall. The level of instruction was raised to utilize math and physics skills developed in the first two years. (This course had previously been written to accommodate students with only one semester of calculus.) Diagnostic testing is now required at the beginning of the course to verify math and physics skills.

d. The core weapons course was completely redesigned. Principles of radar and sonar operations, fire control, weapon guidance, and weapons propulsion are emphasized, with fleet hardware used only to illustrate applications. The level of instruction now requires use of math, physics and chemistry skills developed in those core courses, and thermo and fluids principles learned in the core engineering sequence.

e. A set of Professional Competency Objectives was established to consolidate and identify for the midshipmen all knowledge factors that a graduate should retain from the naval professional curriculum. A comprehensive professional exam was introduced, which each midshipman must successfully complete in his first class (senior) year. Remedial instruction and reexams are mandatory for any midshipmen found deficient on this professional exam.

AIR FORCE

PHILOSOPHY .....1

STUDIES.....2

AIR FORCE

1

## EDUCATIONAL PHILOSOPHY, AUTHORITY, AND CONSTRAINTS

The following paragraphs contain a statement of the educational philosophy of the United States Air Force Academy and a summary of the authority and constraints underlying the development of the academic curriculum.

### Part I. Philosophy:

The primary mission of the Academy is to serve the needs of the Air Force. Thus, it is apparent that a major responsibility for providing the knowledge which graduates will require for progressive development as career officers falls to the academic program. The relevancy of the curriculum to Air Force needs is a matter of continuing concern. The curriculum is mission-oriented and taught with career motivation as well as course understanding as the essential learning goals. Every opportunity is taken to emphasize the pertinency of the academic courses to Air Force requirements. The future officer cannot afford to possess only a knowledge of a narrow specialty, but must be broadly educated with an eye toward the uncertain technological future.

As a service academy, the United States Air Force Academy is distinctive in the educational world in the limitations and requirements placed upon it by Act of Congress and executive direction. The curriculum, therefore, mirrors the Academy's ultimate purpose as well as its educational mission.

With guidance from Congress and direction from the Air Staff, the Air Force Academy's curriculum does meet the general needs of graduates. Our underlying philosophy has three basic points:

a. That graduates be broadly educated. The rationale for this requirement is that those who are educated as generalists, rather than specialists, are better prepared to serve in positions of leadership. The core curriculum requires the completion of 52.5 semester hours in the social sciences and humanities courses and 58.5 semester hours in the science and engineering courses.

b. That the institution be accredited. In this regard the general degree is accredited by the North Central Association of Colleges and Secondary Schools. In addition, six engineering degrees offered by the Academy are accredited by the Engineers' Council for Professional Development.

c. That 50 percent of the graduates earn majors in the science or engineering disciplines. The Air Force has a particular need for officers educated in science and engineering and looks to the Air Force Academy graduates to fill a portion of that need. In excess of 50 percent of the graduates do, in fact, earn majors in the science and engineering disciplines.

## Part II. Authority and Constraints:

The Air Force Academy was established by Public Law 325, 83rd Congress, Second Session. Senate Report 1041, accompanying the bill which became Public Law 325, indorsed a four-year curriculum approximately divided equally between the social sciences and humanities and the science and engineering courses. The purpose of the Academy, as defined by the Department of Defense and the Senate Report, is to provide undergraduate instruction and training comparable to that of the other service academies to fulfill the need for an adequate and continuous flow of college-educated young men (and women) trained as career officers. The report includes the Defense Department proposal that

... the Air Force Academy will be an undergraduate institution that will confer an appropriate degree upon those completing the prescribed course of instruction. The curriculum will be designed to offer a broad general education and to provide a course of instruction including flight and such related training as may be advisable...<sup>1</sup>

In summary, the academic curriculum which supports the USAFA mission is a proper balance between a "generalist" and a "specialist" education. Over the years numerous external examining agencies have reaffirmed both the soundness of its curriculum and its continuing success in meeting its graduates' needs.

<sup>1</sup>Senate Report, 83rd Congress, 2d Session, p. 13.



1. Academy: U.S. Air Force Academy.
2. Study Title and/or Description: Review of the Faculty Mix at the U.S. Service Academies and the Senior and Intermediate Service Colleges
3. Reviewer and Date: March 1977. DOD (M&RA) plus outside consultants.
4. Major Conclusions:

Each Academy was asked to catalogue the courses in its curriculum in terms of courses in the general academic area (courses normally taught in a civilian college or university), courses taught only by a military instructor, courses taught by a civilian instructor and courses taught by either a civilian or military instructor. Each academy was also asked to provide a brief service definition of its mission and a priority listing of its major objectives. Objective 2 of the USAF Academy (as found in the USAFA Fifteen Year Plan) is: To provide all cadets with a broad general education of the highest quality leading to the award of a baccalaureate degree and an opportunity to progress academically as far and as quickly as their ability and prior preparation permit. The DOD study did not invalidate this objective, nor suggest any curriculum changes.
5. Major Recommendations: None relating to the President's concerns.
6. Actions Taken on Conclusions/Recommendations: N/A

1. Academy: U.S. Air Force Academy.
2. Study Title and/or Description: 20th Anniversary Study
3. Reviewer and Date: Air Force Academy Staff 1973 - 1975
4. Major Conclusions:

a. Assumption: Interpret the term "curriculum" to include all those activities in the four-year program which constitute demands on cadet time. The three chief groupings of these activities are: (1) academic studies, (2) leadership and military instruction, (3) physical education and athletics.

b. Objectives of the Curriculum: These goals should serve as criteria for measuring all aspects of the curriculum:

#### The Overarching Goal--The Academy Mission

(1) The Air Force Academy provides instruction and experience to each cadet so that he graduates with the knowledge and character essential to leadership and with the motivation to become a career officer in the United States Air Force.

(2) This mission is accomplished through a four-year program of academic studies, leadership and military instruction, physical education and athletics.

#### Objectives Delineated Further

The central objectives of the curriculum focus on the development of a well-rounded, broadly educated professional who is prepared to serve as a junior officer and has the foundation for continued development toward assuming military responsibilities of the highest order. In pursuing this focus, the curriculum aims to:

(1) Provide each graduate with an accredited baccalaureate-level education which can serve as a foundation for continuing personal growth and advanced educational training.

(2) Develop an understanding of physical fitness and the physical skills necessary to meet the continuing vigorous requirements of officer duty.

(3) Provide an opportunity for developing leadership abilities which serve as a foundation for progressive maturing in officer leadership skills.

(4) Develop a knowledgeable concern for the qualities of character essential to the military profession which include strong emphasis on:

- (a) Personal Integrity
- (b) Self-Discipline
- (c) Sense of Responsibility
- (d) The Role of Loyalty

c. There was a general agreement by those subcommittee personnel reviewing cadet programs that the existing curriculum and the general training syllabus of this institution were very fine by every educational measure. Accordingly, the several subcommittees' efforts were addressed toward the goal of simply "fine tuning" an already well recognized and successful educational program.

d. That improvement in several facets of the program, which was basically formulated 20 years ago, could be accomplished and indeed should be accomplished with as smooth a transition as a considerate body of program reviewers could propose.

e. The adoption of selected recommendations from the 20th Anniversary Study will maintain this young institution's already recognized position as one of the internationally pre-eminent leaders in higher military education.

5. Major Recommendations:

a. The academic program should consist of a minimum of 138 semester hours with a core curriculum of 102 semester hours evenly divided between social science/humanities and engineering/basic science.

b. The academic curriculum should retain the majors program and incorporate both divisional and disciplinary majors.

c. The formal military training and military studies curriculum should not exceed 27 semester hours and should

1. Academy: U. S. Air Force Academy.

2. Study Title: Report to the Congress: Academic and Military Programs of the Five Service Academies.

3. Reviewer and Date: General Accounting Office, October 1975.

4. Major Conclusions:

a. Assumption: "In this study we wanted to determine whether the academies' programs were designed to produce the types of graduates needed. We accepted the services' statements of what types of graduates they wanted rather than making this determination independently." (p. 1)

b. Assumption: "We did not attempt to determine whether the mix of academic curriculum, the type of majors or areas of concentration offered, or the relative emphasis placed on the three major programs--academic, military, athletics--are at an optimum to produce the desired kinds of graduates." (p. 1)

c. Assumption: We did not attempt to assess the quality of the instruction. (p. 1)

d. "All five academies are producing officers qualified to serve in their respective services." (p. 3)

e. "The Academy's programs are designed to produce qualified officers as directed by the department of the Air Force. Besides having a major in a specific field, the cadets have received a broad general education." (p. 27)

f. "The academic program is adequate preparation for most Air Force specialties, and the majors program allows for specialization to meet the academic prerequisites for the remaining technical career areas." (p. 28)

g. "The Academy's bachelor of science degree was accredited by the North Central Association of Colleges and Secondary Schools in 1959 and reaccredited in 1969. In 1973, the Engineers' Council for Professional Development accredited the six engineering majors for six years, the maximum accreditation period." (p. 27)

h. "There are no systematic procedures to evaluate the professional competence of cadets at the time of graduation and their performance as a group afterwards, or provide graduate performance data to the Academy to use in modifying its program." (p. 28)

5. Major Recommendations:

That the Secretary of Defense direct the Air Force to:

a. Provide the Academy with an annual statement of requirements for officers possessing specialized backgrounds, for use in the continued development and administration of the majors program and for communication to cadets to consider when choosing their majors.

b. Establish a comprehensive examination for first-classmen to verify their level of professional competence.

c. Establish a systematic program to assess graduate performance.

6. Actions Taken on Conclusions/Recommendations:

a. The Air Force Military Personnel Center (MPC) works closely with the Academy in developing and disseminating information on annual requirements and assignment availability. This is accomplished through accessions management briefings given by MPC to the various Academy classes throughout each academic year. Briefings include information on projected AF requirements, projections on career fields for initial duty, and career progression patterns. Reviews of AF needs are made by MPC and distributed to the faculty, staff and cadets. Counseling is also provided by faculty members and Commandant of Cadets personnel to cadets throughout the academic year to aid cadets in career choice.

b. After thorough review, the Air Force has determined that a comprehensive examination is not required as other systems are available to assess the level of a graduate's professional competence. The total Academy grading system, including academic, aptitude, and conduct evaluations, is sufficient to insure cadets are educated and trained to the desired level of competence. In addition, all cadets are administered the Graduate Record Examination which provides the Air Force a nationwide comparison with civilian institutions and its use as a measure of professional competence has been approved by the DoD Committee on Excellence in Education. The results achieved during these various evaluations indicate that Academy graduates are fully competent to serve as newly commissioned Air Force officers.

c. Systematic programs currently exist to assess the performance of all Air Force officers including Academy

graduates. Two primary means to judge performance include analysis of officer effectiveness evaluations and results of temporary and permanent promotion boards. In addition, the Superintendent is provided feedback on graduate performance at Air Force Commanders Conferences and through contact with other senior Air Force officials.

1. Academy: U. S. Air Force Academy.
2. Study Title and/or Description: DoD Committee on Excellence in Education.

"The committee does not intend to publish any narrative study document or comprehensive final report. Nonetheless, the staffs and institutions with continuing responsibility for officers' education deserve a definitive statement of committee policy regarding those areas in which change is expected. This is a first in a series of memoranda to serve that purpose..."  
28 April 1975.

3. Reviewer and Date:

DoD Committee on Excellence in Education (Deputy Secretary of Defense, Service Secretaries, Assistant Secretary, M&RA), 1973-1977.

4. Major Conclusions:

a. "Excellence in the academic program at one academy should not be sacrificed simply to increase the extent of commonality of all three." 28 April 1975 memo.

b. "The three Academies have far more in common than most people think even though each Academy has a particular focus as a result of differences in the Services they support." 7 March 1975 memo.

5. Major Recommendations:

a. "Explicitly define those courses which are, or can be, shared in the common core. Each Academy should detail the relationship between common core courses, service specific courses, and electives." 28 April 1975 memo.

b. A test of some type should be used to measure excellence of instruction at the service academies.

c. "To capitalize on the benefits of shared features, while retaining their individual strengths, the Academies need to increase their level of mutual understanding and communication." 7 March 1975 memo.

6. Actions Taken on Conclusions/Recommendations:

a. A curriculum comparison study was made and briefed

extend throughout the four-year curriculum. Some exposure to aircrew duties should be a graduation requirement for all cadets.

d. The physical education and intramural programs should total 14 semester hours.

e. An all military faculty should be retained to ensure that professional officer concepts, a sense of commitment to a life of service to the nation, and an understanding of the full dimensions of the profession of arms are successfully transmitted to cadets.

f. A four-year Aviation Core Curriculum should be established. Cadets should participate in an aviation program during each of their four years at the Academy regardless of their eventual assignment upon graduation.

g. The Core English Program should be restructured to provide contact with the cadet each year. More reports and Blue Books on Graded Reviews should be used to emphasize good written communications. Basic speech training should be given no later than the Third Class Year.

h. Cadets should receive more formal instruction on Contemporary Military Ethics.

i. An additional one-half semester hour should be added to the Law Core Curriculum to provide instruction in the laws of war and additional instruction concerning the legality of orders.

6. Actions Taken on Conclusions/Recommendations:

a. Academic program consists of 138 semester hours for a divisional and 144 semester hours for a disciplinary major, of which 111 are core courses, approximately evenly divided between social sciences/humanities and engineering/basic sciences.

b. An Aviation core is now required of all cadets.

c. Each cadet takes an English course every year.

d. Ethics instruction has been increased through academic course work and formal interaction with line Air Force officers.

e. Course in Laws of War added to core curriculum.

b. An Inter-Academy Academic Coordinating Committee was formed to exchange information on curricula, academic pedagogy, etc.

c. The Graduate Record Examination will be administered to seniors of the service academies to compare academy performance against comparable civilian institutions.

1. Academy: U. S. Air Force Academy.
2. Study Title and/or Description: Report of the Association of Graduates Twenty Year Survey.

"In early 1974 the Association of Graduates of the United States Air Force Academy conducted a comprehensive opinion survey of the Academy's first fifteen graduating classes, 1959 through 1973." (page iv)  
Over 3800, or approximately 50% of all living graduates, responded in an essentially uniform response rate by class. (page 3)

3. Reviewer and Date: Association of Graduates of the U. S. Air Force Academy, Inc., 1975.

4. Major Conclusions:

a. When the graduate's opinion of several different approaches to curriculum organization for the Academy was asked, 73% favored the current policy of requiring cadets to earn an academic major without overloading beyond the standard course load.

b. The Airmanship Program is a prime motivating factor for both rated and nonrated graduates. Third Lieutenant, field trips, Survival, Evasion, Resistance, and Escape (SERE), and summer research are of considerable value.

c. A substantial majority of graduates expressed general satisfaction with, and support for, the policies, procedures, and programs in effect when they were cadets.

5. Major Recommendations: None applicable.

6. Actions Taken on Conclusions/Recommendations: Inputs from this study were incorporated in the 20th Anniversary Study of Curriculum and Cadet Way of Life performed by the Academy in 1975.

1. Academy: U.S. Air Force Academy.
2. Study Title and/or Description: Report of A Visit to United States Air Force Academy.
3. Reviewer and Date: North Central Association of Colleges and Secondary Schools, February 1969 (Accreditation Report).

W. K. LeBold                      Assistant to Dean of Engineering  
and Professor of Engineering, Purdue  
University

H. S. Stillwell                    Head, Aeronautical and Astronautical  
Engineering Department, University  
of Illinois

Irvin G. Wyllie                    Chancellor, University of Wisconsin-Parkside

John R. Emens                    President Emeritus, Ball State  
University (Chairman)

4. Major Conclusion:

The primary task of the accrediting team is to evaluate institutions in terms of their effectiveness in achieving their purpose. As stated in the 1969 NCA report, "The purpose of the Air Force Academy is to produce academically qualified, militarily trained, physically fit men of character for career service in the United States Air Force." (p. 2) The concluding summary of the 1969 NCA report is reproduced below:

In summary, there is significant objective evidence of achievement by Air Force cadets of not only a broad liberal education, but specialized education in depth as well. In addition, there is strong evidence of successful development of highly qualified U.S. Air Force career officers. When these achievements are coupled with the individualized achievements of cadets physically and ethically, the USAF Academy appears to have attained a truly remarkable and unique record of achievement.

5. Major Recommendation:

"It would seem wise to increase the opportunity for elective courses in the majors if this can be accomplished without weakening the core program." (p. 6)

6. Action Taken on Conclusion/Recommendation:

Core reduced from 105 semester hours to 99 semester hours while maintaining broad balance. Majors course requirements increased to 46-1/2 semester hours.

1. Academy: U.S. Air Force Academy.
2. Study Title and/or Description: USAFA Academic Advisory Committee.
3. Reviewer and Date: 12 April 1962 and 24 February 1964.

Dr. Walter Wrigley	Professor, MIT
Dr. Benjamin P. Blasingame	General Manager, A-C Spark Plug
Dr. Cornelius T. Leondes	Professor of Engineering, UCLA
Dr. Keeve M. Seigel	Professor of Electrical Engineering, Univ of Michigan
Dr. Francis B. Hildebrand	Associate Professor of Mathematics, MIT
Dr. A. O. Williams, Jr.	Chairman, Department of Physics, Brown Univ
Prof Walter C. Hurty	Professor of Engineering, UCLA
Prof Samuel P. Huntington	Institute of War & Peace Studies, Columbia Univ
The Rev. Martin F. Hasting	Dean, College of Arts and Sciences, St. Louis Univ
Dr. Charles L. Schultze	Professor of Economics, Univ of Maryland
Dr. W. J. McKeachie	Professor of Psychology, Univ of Michigan
Prof Elton Hocking	Head of Department of Modern Languages, Purdue Univ
Dr. Hugh C. Holman	Professor of English, Univ of North Carolina

4. Major Conclusions:

a. "The distinguishing aspect of the Academy's prescribed curriculum is the scope and diversity of the courses which

are required of the cadet. The Academy shares some characteristics of the liberal arts college, some of the engineering school, and yet adds much which transcends the limits of each of these. As a result, the cadet normally takes far more science than the liberal arts major in a civilian college and far more humanities and social sciences than the usual engineering school graduate. To this is added the twenty-seven semester hours in the military training program..." (p. 26, 1962 report)

b. "The balanced core is essential not only to meet the educational requirements of the Air Force officer, but also to maintain a very substantial common educational experience for all cadets, throughout the four years at the Academy. It is thus directly related to the Academy's mission to produce Air Force officers." (p. 4, 1964 report)

c. "(cadets need) the intellectual skills and analytical capacities which can only be acquired by the pursuit in depth of one branch of study." (p. 4, 1964 report)

d. "Today the nation needs... managers and executives capable of understanding and integrating scientific, political, economic and military factors. This need has shaped the curriculum of the Air Force Academy. It is designed to give the cadets an elementary grounding not only in C. P. Snow's literary and scientific cultures but also in the military culture as well." (p. 27, 1962 report)

5. Major Recommendations:

- a. Introduce a majors-for-all program.
- b. Maintain a strong and balanced core curriculum.

6. Actions Taken on Conclusions/Recommendations:

- a. Majors-for-all introduced in 1966.
- b. Common core balanced between science and engineering and social science and humanities.

1. Academy: U. S. Air Force Academy.
2. Study Title and/or Description: Report to the Executive Board of the Commission on Colleges and Universities.
3. Reviewer and Date: North Central Association of Colleges and Schools, February 1959.
4. Major Conclusions:

a. "As a minimum goal the Academy should provide each cadet with:

- a. A basic baccalaureate level education in airmanship, related science, the humanities and other broadening disciplines.
- b. A knowledge of and an appreciation for airpower, its capabilities and limitations, and the role it plays in the defense of the nation.
- c. High ideals of individual integrity, patriotism, loyalty, and honor.
- d. A sense of responsibility and dedication to selfless and honorable service.

"It is clearly apparent that the commanding officer, all members of the faculty and staff, and the cadets themselves have this mission and the objectives underlying it clear in their own minds. It is equally apparent that all aspects of the program are designed in harmony with these objectives and are carried out, so far as possible to fulfill them." (p. 2)

b. "The examiners were both surprised and gratified to find that the Air Force Academy places such great emphasis on a broad program of general education with high standards of achievement demanded and achieved." (p. 3)

c. "The architects of the curriculum have created a general education program of wide scope and considerable depth, and have avoided the trap of excessive emphasis on technology." (p. 30)

5. Major Recommendations: None Applicable.
6. Actions Taken on Conclusions/Recommendations: N/A.

Attachment C



UNITED STATES  
ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION  
WASHINGTON, D.C. 20545

October 6, 1977

The President  
The White House

Dear Mr. President:

This is in further response to your discussion with me concerning the educational aspects of the U.S. Naval Academy. I have also discussed this matter with Dr. Brzezinski in view of his broad interest in the capabilities of graduates from all the service academies.

As you know I have had a unique opportunity to observe and evaluate the products of the Naval Academy for many years. I have testified before numerous committees of Congress outlining my concerns and providing recommended corrective actions. These concerns and recommended actions have also been provided to those responsible in the Navy and Department of Defense. This letter provides my evaluation of the current status of the curriculum at the Naval Academy and changes I consider necessary to better prepare a midshipman for the task of being a career naval officer.

Let me say at the outset that within the past two years significant beneficial changes have occurred at the Naval Academy. While for years my recommendations were politely listened to, little, if any action was taken. In fact, in the late 1960's and early 1970's the situation reached its nadir in that graduating midshipmen were ill-prepared to handle their jobs at sea. The present Chief of Naval Operations, Admiral Holloway, the Chief of Naval Personnel, VADM Watkins and the Superintendent of the Naval Academy, RADM McKee have recognized the basic problems and are the first to take steps to correct the situation. My recommendations are further steps in the direction of these recent changes.

While I cannot speak with the same degree of familiarity as I can of the Naval Academy, my review of the courses of instruction at the other service academies indicates that they are beginning to recognize their problems. In this regard I have recently read the July 27, 1977 "Final Report of the West Point Study Group" and while I do not agree with many of the recommendations, I do sense that there is a better recognition of the problems facing West Point and to varying degrees, the other academies. Incidentally, a number of the changes recommended by the West Point Study Group have already been incorporated at the Naval Academy and others coincide with changes I am recommending in this letter.



Rationale for the changes I recommend derives from a recognized need to provide a dependable source of career naval officers capable of exercising sound technical judgement in the operation of today's ships and aircraft of the U.S. Navy. There are three basic sources of naval officers: The Naval Academy (USNA), Naval Reserve Officers Training Corps (NROTC) and Officer Candidate School (OCS). The cost to the taxpayer for each person brought into the Navy through these three sources is dramatically different, with the Naval Academy being an order of magnitude higher than the other two. Although various studies have been made to estimate the cost to graduate a USNA midshipman, these estimates are unrealistic in that they do not take into account many aspects, and are below the actual costs.

If this is the case, then the question must be asked: if it costs so much to graduate a USNA midshipman in comparison to other officer acquisition programs, is it worth it? Why does there need to be a Naval Academy? The only logical reason for the existence of the Naval Academy is that it produces a career officer better prepared to carry out his duties in the Navy than can be obtained from other sources.

As has been the case in the past and will probably continue in the future, retention of USNA graduates beyond their obligated service, in comparison to the other officer acquisition programs, is the highest. However, NROTC source officers are not that far behind in this respect, and could catch up to the Naval Academy graduate.

While more can and should be done to improve the capability of NROTC graduates to carry out their responsibilities in the Navy, it is recognized that the Navy cannot dictate its will on the broad spectrum of civilian universities. However, this is not the case with the Naval Academy. Here, the Navy can structure the curriculum to conform with the actual needs of the Navy.

There is little doubt or question that the technological advances made in modern warfare since World War II are dramatic. This is particularly true in naval warfare. Technology has moved at a much faster pace than has the ability of the people in the Navy to understand, operate, or maintain its products. Naval officers must be better educated and trained in those areas on which the Navy depends for its ability to wage war at sea.

As technology continues to advance, new, more complex equipment is placed aboard ships. These become ever more expensive; the result is that the Navy has fewer ships. In order to carry out its mission, the Navy must be able to operate these ships more reliably, longer, and at higher tempos. Experience over the past ten years indicates that the Navy is having a difficult if not impossible time doing this because the ships and their equipments are not being maintained and operated properly. This is a problem in the officer and enlisted areas. Experience I have gained from having taught the first four classes of the Senior Officers (Admirals and

Captains) Ships Material Readiness Course has clearly demonstrated the almost complete lack of basic understanding on their part of how ships operate and what it takes to keep them operating. Contrary to what many believe, this lack of knowledge is not confined to propulsion plants but extends to all features of the ship.

Interviews conducted by me for prospective officer candidates for entry into the Navy's nuclear program clearly show this same pattern. Each year I interview more than 250 USNA first-class midshipmen. Each is given a separate academic interview by three leading engineers of my organization to determine his understanding of courses taken at the Academy. These interviews encompass math, physics, engineering and other technical subjects. I then interview each candidate myself. Results of these interviews continue to confirm what has been evident to me for many years; that USNA graduates do not develop the unique mental skills which are essential for modern naval officers.

In my opinion there are many reasons for this. One significant reason has been the attempt by the Naval Academy as well as the other service academies, to pattern their academic programs after civilian colleges. This resulted in the creation of majors and the large increase in elective courses. Civilian colleges and universities have always offered a large number of courses in a multitude of majors. They must do this to justify the very reason for their existence, which is to educate large numbers of students in all fields of endeavor. For example, Massachusetts Institute of Technology offers some 3000 courses; Ohio State University over 8000. While the Naval Academy has not approached these numbers it did dramatically increase its majors program and electives in the late 1960's and early 1970's. This was done presumably to permit the Academy to compete with the civilian schools for the more capable applicants. What was not appreciated was the effect such changes would have on the capabilities of the graduating midshipmen. In order to justify the offering of majors such as European Studies, Biological Studies, Analytical Management, etc., the Academy had to convince midshipmen that these majors were essential to the Navy when, in fact, they were not. In addition, the core curriculum had to be reduced or restricted to allow sufficient credit hours in the fields of the new majors. As a result engineering, math and science were cut back in the core curriculum. Recently this trend has been reversed and the number and quality of applicants has not suffered.

Consequently, the recommendations contained herein use as a basis the concept of teaching midshipmen a course of instruction that will best suit the needs of the Navy. My recommended changes aim the midshipmen into the engineering disciplines, yet contain a balanced coverage of humanities and other non-engineering courses considered appropriate for a well-rounded beginning naval officer. If a midshipman or young officer is interested in acquiring

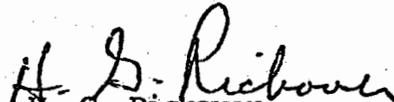
October 6, 1977

a deeper understanding of history, law, international relations, etc., he should pursue this on his own, as he can and would be expected to do later on in his career. Naval officers, if they are truly professional, should be expected to extend their knowledge by reading and study on their own after graduation - a practice seldom seen today. In addition, if the Naval Post Graduate system is effectively used, a broader education can thus be accommodated.

Some have misinterpreted my earlier recommendations by concluding that I am opposed to the teaching of humanities. This could not be further from the truth. I firmly believe that each midshipman should have a solid foundation in history, English, economics and political science. My objection is that the Naval Academy has been allowing midshipmen to major in these types of subjects and in so doing creating the false impression that the Navy needs Ensigns who are experts in these fields. By the same token, I am not opposed to the Navy accepting a limited number of graduates of these fields through its various acquisition programs. I am sure there are capable officers in the Navy today who have such backgrounds. I also recognize that because of the needs of the Navy, there may be justification to graduate from the Academy a very few non-engineering majors. My recommendations contained herein reflect that fact.

My specific recommendations for improving the curriculum of the Naval Academy are contained in the attachment to this letter. I would be happy to discuss this matter with you.

Respectfully,

  
H. G. Rickover

Attachment

## RECOMMENDED CHANGES TO THE NAVAL ACADEMY CURRICULUM

This paper outlines changes to the curriculum of the U.S. Naval Academy which, if implemented, would produce graduates better prepared to carry out the tasks required of them as career naval officers, regardless of their particular specialty. These recommended changes are additional steps in the general direction of changes which have been made at the Naval Academy since the Chief of Naval Operations issued his policy statement in November 1975 (attached).

The recommended changes fall into four broad categories as follows:

- Reduction in the number of majors
- Reduction in the number of electives
- Increase the core curriculum
- Reduction in the use of multi-level courses

A. Reduction in the number of majors. At the present time 18 majors are offered; this is a reduction from the 27 in 1975. Majors are presently divided into three Groups, with a requirement that no more than 20% of the class can select from Group III.

### Group I

Aerospace Engineering  
Mechanical Engineering  
Electrical Engineering  
General Engineering  
Marine Engineering  
Naval Architecture  
Ocean Engineering  
Systems Engineering

### Group II

Chemistry  
Mathematics  
Oceanography  
Physical Science  
Physics  
Resources Management

### Group III

Economics  
English  
History  
Political Science

Midshipmen successfully completing work in Group I majors receive an accredited Bachelor of Science degree in that major. Midshipmen successfully completing work in Groups II and III receive an unspecified Bachelor of Science degree.

The recommended change is to reduce the number of majors as follows:

Group I

Aerospace Engineering  
Mechanical Engineering  
Electrical Engineering  
Naval Arch/Marine Engineering  
Ocean Engineering

Group II

Math  
Physics  
Chemistry  
Physical Science  
History  
Political Science

There would be a requirement that only 25% of the midshipmen in a given class could select from Group II. Midshipmen would continue to get accredited Bachelor of Science degrees from Group I.

- B. Reduction in the number of electives. At the present time about 375 courses are offered; approximately 325 of these are electives. I recommend that many of these courses be discontinued. Appropriate and essential course material contained in many of the discontinued courses would be included in those courses retained. Sufficient electives would be retained in the engineering field to assure continued accreditation by the Engineers' Council for Professional Development.

Dropping some of the majors as recommended above would eliminate a large number of the elective courses. Other courses should be dropped unless they directly contribute to and are necessary for accreditation.

Three major criteria should be used as a basis for discontinuation of a course:

1. The subject matter provides limited knowledge for the Naval Officer to assist him in performing his job for the Navy. In this context, courses pertinent to the majors that have been recommended for dropping are of questionable value. For this reason, many of the courses in English, Economics, and Oceanography would be discontinued.

2. The course is redundant in the curriculum. Either the course directly parallels another, or portions are covered adequately in other parts in the curriculum.

3. The course uses computer solutions to problems in basic principles. It is considered that the computer is undesirable to teach the basic principles of science or engineering. Further, there is a tendency for such courses to emphasize computer programming; this clouds the basic principles involved.

While it would be possible for me to provide a list of courses I recommend be discontinued, a more meaningful result can be achieved by having the Superintendent provide a revised list using the above criteria but to limit the total number of courses to no more than 200.

- C. Increase the core curriculum. At present there are approximately 43 courses offered in the core curriculum, amounting to 93 credit hours. I recommend that the core curriculum be increased to 112 credit hours but that the number of core courses offered be reduced.

The proposed curriculum includes eight additional courses in the core, and eliminates two for a net increase of six courses (19 semester hours). The two to be eliminated are EN 200 and EN 300 (Naval Engineering I and II), presently required for General Engineering and non-engineering majors. These two courses would be replaced by a course in Thermodynamics, one in Fluid Mechanics, and one in Properties of Materials. These three additional courses are now required for engineering majors. The "survey" information contained in the Naval Engineering I and II courses is already covered in the introductory course in naval engineering systems and third class cruise. The other five courses added to the core include two in English (technical writing), one in history, one in economics, and one in political science (a new course formed from existing topics in the present political science courses). The net change of six additional courses adds 19 credit hours to the present 93, bringing the total in the core curriculum to 112 credit hours.

The number of core courses offered would be reduced by eliminating a number of multi-level courses now available. This subject is discussed in a later section of this attachment.

Plebe Year: Retain the present structure at 37 credit hours. However, create two new courses in history that cover both Western and Eastern civilization. The first of these courses should be taught Plebe Year in place of HH 103 (Modern Western Civilization since 1715).

3rd Class Year: Add the second of the two new history courses and two new courses in English. These new English courses will cover

technical writing and similar material presently contained in HE 344 (Professional Writing). The first semester the student will concentrate on short reports, abstracts, and articles using good contemporary writings as examples. The second semester will concentrate on longer reports and a good technical paper. The remainder of the core curriculum should remain the same. This will result in the following 3rd Class core structure:

English (two new courses)	6 hrs
History (new course)	3 hrs
Physics	8 hrs
Mathematics	7 hrs
Navigation	3 hrs
Military Matters	3 hrs
Tactics	<u>2 hrs</u>
<b>TOTAL</b>	<b>32 hrs</b>

2nd Class Year: A course in economics should be required of all midshipmen. It should be a four credit hour course composed of the topics in FE 210 (Basic Economics) and FE 421 (Economics of Defense Management). This course should present the student with the relationship between the country's economic structure and our method of government, so that defense decisions can be better understood. Also, courses in thermodynamics and fluid mechanics should be added. These courses will heavily stress naval propulsion plant applications. The 2nd Class Year core structure should be as follows:

Economics (new course)	4 hrs
Thermodynamics	3 hrs
Fluid Mechanics	4 hrs
Electrical Engineering	8 hrs
Navigation	3 hrs
Leadership	<u>3 hrs</u>
<b>TOTAL</b>	<b>25 hrs</b>

1st Class Year: In addition to the present core courses, two additional courses should be required for all students. A course in Properties of Materials should be developed that describes the microscopic and macroscopic aspects of material behavior (stressing metals) including types of corrosion and corrosion properties of metals used in ships. The courses in thermodynamics, fluid mechanics, and materials together eliminate the use of the naval engineering courses.

A new course should be developed incorporating many of the topics now covered in elective courses in political science which would be discontinued. The 1st Class core structure should be as follows:

Materials (new course)	4 hrs
Political Science (new course)	3 hrs
Military Law	2 hrs
Tactical Warfare	2 hrs
Weapons Systems	<u>7 hrs</u>
TOTAL	18 hrs

D. Reduction in the use of multi-level courses. Of all the recommendations, this is the most difficult to resolve. All colleges and universities have so-called multi-level courses for various reasons, such as:

1. Entering freshmen have varying levels of knowledge in required courses such as math. To force all students to take a single level course penalizes the more advanced student in that the level must be lowered to accommodate the average student.
2. The various majors require different levels of knowledge for accreditation.
3. As students move up into their later years, various courses in their majors require higher levels of knowledge in specific subjects.
4. The college must have higher level courses available for students who validate.
5. The college provides "easy" courses to reduce attrition.

It is the last reason given above that should not be permitted. The Naval Academy should not design courses which are in the curriculum for the sole purpose of passing unqualified students. This practice can be discontinued by tightening up and enforcing entrance requirements. Efforts along these lines are currently underway.

The Superintendent should be requested to justify each multi-level course to ensure that it is there for a valid reason and is not given for the purpose of retaining poor students.



DEPARTMENT OF THE NAVY  
OFFICE OF THE CHIEF OF NAVAL OPERATIONS  
WASHINGTON, D.C. 20350

IN REPLY REFER TO  
OP-00:dsh  
OP-00 Memo 563-75  
3 November 1975

MEMORANDUM FOR THE DEPUTY CHIEF OF NAVAL OPERATIONS (MANPOWER)  
DIRECTOR, NAVAL EDUCATION AND TRAINING  
SUPERINTENDENT, U. S. NAVAL ACADEMY

Subj: Naval Academy Education and Training Policy

Encl: (1) Naval Academy Policy Statement

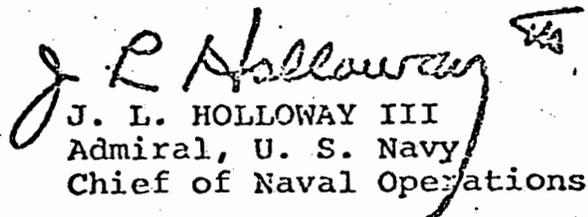
1. The purpose of this memorandum is to forward a statement outlining my policy on education and training at the U. S. Naval Academy.
2. I have been concerned for several years by the absence of a clearly defined, centralized educational policy control mechanism for the Naval Academy within the office of the Chief of Naval Operations. I consider the educational and professional tone set at the Academy to be the bellwether for professionalism within the entire officer corps of the Navy and the quality of the graduates to be the bedrock for future fleet readiness. Therefore, I am convinced that structuring our policies and their implementation at the Naval Academy is the most important long range action I can take toward preparing our Navy and Marine Corps for the future to face both projected and unknown threats.
3. President Ford's words in his recent graduation address at West Point succinctly stated the desired objective for a service academy -- "quality and educational excellence". The Naval Academy must be responsive to the basic missions of the Navy and Marine Corps. This dictates a requirement for systematic review of and continuing improvement in prescribed policies and practices to ensure that the Academy, in a new era and against these proven and enduring values, retains its proper stature and prestige while providing a constant flow of professionally competent officers with lasting dedication to military service. This excellence, then, must be excellence along the lines which best serve the naval profession. Not all academic disciplines are well suited for the central role in this regard. For a Navy and Marine Corps whose material foundations are so strongly based on technology, there are compelling incentives to assure that their officers are provided with a technically oriented educational foundation. A key question is whether such a foundation is conducive to developing a breadth necessary to meet the complex problems and challenges of all aspects of the naval profession. There is substantial evidence to demonstrate that an analytical and logical approach to problems, engendered as it is by demanding technical courses, fosters intellectual development and stimulates intellectual curiosity, encouraging growth encompassing all areas of endeavor.

Subj: Naval Academy Education and Training Policy

4. Currently there are numerous incremental actions which impact significantly on policy matters related to Naval Academy operations. The Secretary of Defense has indicated his special interest in this area by establishing the DOD Committee on Excellence in Education. Recommendations are made by that committee as well as by the long standing Board of Visitors and Academic Advisory Board to the Superintendent. Additionally, while the Chief of Naval Personnel (DCNO (Manpower)) and the Chief of Naval Education and Training (DNET) have major responsibilities to me in such areas as manpower, personnel, education and training, budgeting and other matters, I do not consider a suitable institutionalized depository exists whereby all these various and sometimes diverse inputs are available for my review in broad perspective. Further, there has been insufficient opportunity for me to exercise effectively the authority vested in me to make decisions with regard to the Academy in a coordinated, over-view manner.

5. With the foregoing considerations in mind, it is essential that the Navy itself, in consultation with the academic community as appropriate (normally through the Academic Advisory Board), prescribe policies and maintain close observation over their implementation in the key areas of academic and military/professional education. Consequently, I have determined for matters of broad policy establishment and review, and in keeping with the pattern of other Service chiefs, to have the Superintendent of the Naval Academy report directly to me. In so doing, I anticipate few changes in the methodology for day-to-day operations. For example, I expect that the Deputy Chief of Naval Operations (Manpower) and the Director, Naval Education and Training will continue to act jointly as my principal agents in effecting and maintaining this policy level coordination with the Academy. I have asked the Vice Chief of Naval Operations to commence the necessary detailed staffing effort to bring about this organizational change, with minimum disruption to existing functional lines, in order to implant the new organizational relationship by 1 January 1976. Included in this staffing effort should be a clear definition of responsibilities relative to command and support functions.

6. The enclosed policy statement sets forth those concepts which I deem necessary to convert into short and long term plans of action to achieve desired goals. The Superintendent of the U. S. Naval Academy is directed to prepare these plans of action and submit them to me for approval by 1 February 1976. Reasonably achievable milestone dates should be included.

  
J. L. HOLLOWAY III  
Admiral, U. S. Navy  
Chief of Naval Operations

Copy to:  
Commandant, USMC

## NAVAL ACADEMY POLICY STATEMENT

### A. GENERAL

1. The U. S. Naval Academy is the Navy's primary baccalaureate educational institution. It is committed to provide the foundation for the educational development of large numbers of our officers; it is dedicated to ensure the quality and excellence of that foundation, both academic and professional, such that it serves as a standard against which other source programs are structured. To fulfill this commitment, the Academy must, in response to the missions of the Navy and Marine Corps, equip its officer graduates with technical competence, professional characteristics and a sense of enduring loyalty to service and country.
2. Responsibility and commensurate authority for implementation of the policy stated above is delegated to the Superintendent, U. S. Naval Academy. In practice this means freedom to effect changes needed to meet approved policy objectives (e.g., changes necessary to achieve accreditation of an approved major), but not changes which would constitute a departure from approved policy. The Director of Naval Education and Training and the Deputy Chief of Naval Operations (Manpower) shall act as my principal agents in Naval Academy policy coordination.
3. Policy objectives for the Naval Academy are determined in response to fleet requirements. Therefore, the excellence cited in paragraph 1 must be excellence along lines which best serve the naval profession. Although many academic disciplines have peripheral application to naval matters, not all are well suited for the central role in this regard. The modern Navy and Marine Corps, whose material foundations are so strongly based on technology, require that their officers be provided with a technically oriented educational foundation. There is substantial evidence that an analytical approach to problems, engendered as it is by demanding technical courses, fosters the kind of intellectual development which stimulates growth conducive to attaining the breadth needed to meet the complex problems and challenges of the naval profession in its larger aspects.
4. Academic and professional achievement shall be measured and published independently. Final class standings shall be based on a weighted average of the two which allocated the principal emphasis on academic performance. Academic attrition standards and practices shall be consistent with and comparable to those of better universities. Non-academic standards of attrition shall be established by the Superintendent under the authority granted him under Title 10, U.S.C. and shall be prescribed by the Superintendent in his administrative conduct procedures.
5. Composition of the faculty and staff will be determined by curriculum requirements. It is desirable that additional numbers of qualified officers be assigned to the Academy as instructors in academic departments.

Implementation of this effort should be phased in a manner to ensure retention of the most highly qualified members of the civilian faculty. The Superintendent shall require the highest level of performance in each member of the faculty and staff, whether civilian or military.

6. Planning for and expansion of Naval Academy facilities will be approved by the Chief of Naval Operations within long range plans based on the efficiency and austerity reflected in the realities of shipboard life.

7. The Naval Academy shall maintain intramural and intercollegiate athletic programs in appropriate balance with academic programs. Other non-academic programs may be offered, but the Superintendent will ensure that activities in any of these categories do not adversely affect academic and professional performance.

8. The Superintendent will maintain close liaison with Superintendents of the other service academies. Commonality is desirable to the extent consistent with the special requirements of individual Service missions.

9. It is recognized that certain functional or specialized training is required prior to assignment directly to the Fleet Marine Force and to specific fleet units. However, the academic curriculum shall be structured to equip each graduate with a basic educational foundation that is sufficient for general duty assignment to the Fleet and for extended service as an officer of the Navy or Marine Corps without the need for further formal academic education. At the same time, the academic curriculum shall be structured to ensure that graduates hold accredited credentials which will render them eligible to be considered at a later date for postgraduate education should the needs of the service so dictate.

10. A Policy Advisory Board shall be established to assist in policy guidance and direction on Naval Academy matters. This board will be chaired by the Chief of Naval Operations. Basic membership to handle normal policy issues will include the Vice Chief of Naval Operations, the Deputy Chief of Naval Operations (Manpower), the Director Naval Education and Training, and the Superintendent of the U. S. Naval Academy. Membership will be expanded to include the Director, Navy Program Planning when considering programming and budget policy issues, the Deputy Chiefs of Naval Operations for Submarine, Surface, and Air Warfare when considering policy issues that affect their areas of warfare responsibility, and the Deputy Chief of Staff (Manpower), USMC, when considering policy matters which could impact on the Marine Corps.

## B. ACADEMICS

1. The academic portion of the Naval Academy curriculum should be supportive of the policy objectives stated in Section A. Emphasis both as to course content and method of instruction, should be placed on teaching of principles in such a manner as to encourage in midshipmen a sense of personal responsibility for broad intellectual development. Naval Academy courses should be constructed to provide an adequate foundation for postgraduate and advanced professional education, such as at the Naval War College. Additionally, the caliber of the courses should be such that duplication and/or repetition at a later date would be unnecessary except as required to ensure compatibility with fleet professional training.
2. The present distribution of disciplines - a minimum of 80 percent science and engineering with the remainder in the humanities - is considered valid for the present but the 80 percent figure may be subject to further upward adjustment based on additional experience and review.
3. Majors programs should be structured in support of the distribution of disciplines stated in paragraph 2. The engineering and science portion of these programs should include Mechanical Engineering, Electrical Engineering, Aerospace Engineering, Ocean Engineering, Marine Engineering and Engineering Science.
4. Liberal arts majors will be offered within the remaining percentile apportionment prescribed in paragraph 2 above. Disciplines within the humanities majors program should include English, history, and political science.
5. Selection of majors shall, whenever possible, be left to the individual midshipman on the basis of his aptitudes and interests. However, when the desired distribution as stated in paragraph B 2 cannot be obtained by individual preference needs of the service must take precedence. Specialization beyond selection of academic major should be avoided. The Navy and Marine Corps provide ample opportunity for specialization at a later time when the officer is able to make a more mature choice based on shipboard and shore experience as well as current needs of the service.
6. A core curriculum will be structured to provide a strong foundation in mathematics, engineering and science for all midshipmen. These courses should be standardized to ensure that each graduate has the potential background for serving in any Navy or Marine Corps program.
7. Electives shall be included in the curriculum only as necessary to support the majors program. The number of electives offered will be held to a minimum consistent with this requirement. A modest number of English, history, political science and language courses will be required for engineering and science majors and selected basic engineering courses for those in the humanities majors.

8.. Preparatory/remedial programs may be provided to enhance the performance of a small number of enrolled midshipmen who are determined to be deficient in specific areas of study. However, it is desired that these efforts be limited in scope and that only those candidates be admitted to the Academy who have demonstrated the ability to undertake the core curriculum.

9. The Superintendent and the Academic Dean are expected to demonstrate full commitment to these policies and to ensure that academic programs are structured to support them in achieving stated objectives. In so doing, the Academic Dean must accept responsibility for the professional performance of his faculty members, holding them accountable where appropriate for execution of their responsibilities for classroom instruction, academic counseling and assistance to midshipmen.

## C. MILITARY/PROFESSIONAL EDUCATION

1. A broad program for professional development shall be included in the core curriculum. All such development shall be structured to engender a mature professional outlook in the midshipmen as they progress over the course of four years. Any practices inimical to this goal are unacceptable.
2. Great emphasis shall be placed on practical application and personal examples of leadership and its principles by staff and midshipmen officers on a day-to-day basis. This practice will be supplemented by more formal training as required by higher authority, but the basic tenet of leadership training at the Naval Academy will be the creation of a realistic military environment.
3. The Commandant of Midshipmen, under the direction of the Superintendent, has primary responsibility for military/professional development programs. Under the Commandant, staff and midshipmen officers shall be held responsible for implementation of those programs in support of stated policy objectives.

THE WHITE HOUSE  
WASHINGTON

December 21, 1977

Zbig Brzezinski

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Jim Fallows

RE: OVERSEAS TRAVEL OF SENIOR  
ADMINISTRATION OFFICIALS

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

7255

ACTION

December 14, 1977

MEMORANDUM FOR: THE PRESIDENT  
FROM: ZBIGNIEW BRZEZINSKI *B*  
SUBJECT: Overseas Travel of Senior Administration  
Officials

As requested, the memo to the Cabinet on overseas travel has been revised to reflect your comments (Tab B). It now provides for a 10-day notice to the Department of State and prior consultation with the NSC only in the event of an objection to the travel. I believe that this measure will streamline the process. We will coordinate the instructions that the State Department will issue.

RECOMMENDATION:

That you approve the memo to the Cabinet at Tab A.

Approve \_\_\_\_\_

As amended \_\_\_\_\_

*I don't see where  
my comment was  
included.  
J*

**Electrostatic Copy Made  
for Preservation Purposes**

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE HEADS OF EXECUTIVE

DEPARTMENTS AND AGENCIES

Travel abroad by senior officials of the Federal Government is an important part of the Administration's conduct of foreign policy. To insure that such travel is planned and timed in the best interests of overall foreign policy considerations, the Department of State has been asked to establish a set of procedures for the notification of travel plans by senior Administration officials (to include Assistant Secretary level and above or the equivalent). When you or senior members of your Department or Agency are contemplating a trip abroad, the Executive Secretariat of the Department of State is to be informed (no later than 10 working days in advance) and provided with information on the purpose of the trip and expected date of departure prior to confirming travel plans with foreign government representatives. The Department of State will keep the Assistant to the President for National Security Affairs currently informed and will implement a review of the prospective travel and, if necessary, suggest modification as may be considered appropriate after consultation with the National Security Council. After the trip is cleared, the Department of State will provide facilitative assistance and substantive briefings, if desired.

Instructions for reporting foreign travel will be provided separately by the Department of State.

THE WHITE HOUSE

WASHINGTON

December 7, 1977

ACTION

MEMORANDUM FOR: THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI *ZB.*

SUBJECT: Overseas Travel of Senior Administration Officials

During the administration of President Nixon, the White House asked Cabinet officers to report prospective overseas travel for clearance and the White House and NSC coordinated the itinerary with the Department of State. The procedure was established to insure that a visit by an Administration official to a particular country did not jeopardize foreign policy objectives at a sensitive period and preclude the possibility of having two or more officials independently visit the same country during the same period, as well as provide State Department briefings and assistance as required for the travel.

State and the NSC recommend continuing the procedure, except for White House personnel, which would continue to be handled through Tim Kraft, my office and State. Tim Kraft and Phil Wise concur. A memo to the Cabinet is attached at Tab A for your approval. No previous instruction has been issued since 1971. It is also recommended that a similar memo be circulated to the White House Staff.

RECOMMENDATION

That you approve the memo to the Cabinet at Tab A.

Approve

As amended   ✓  

*If no comment is made by NSC or state or*

*Minimum prior notice to NSC should be required, & if there are unwarranted delays in NSC & State the trip should be made*

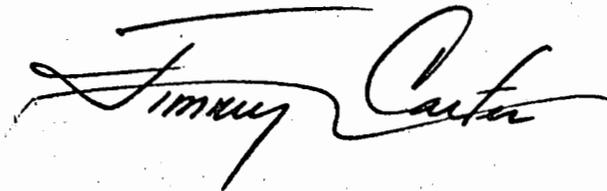
*J.C.*

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE HEADS OF EXECUTIVE  
DEPARTMENTS AND AGENCIES

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A handwritten signature in black ink, appearing to read "Jimmy Carter". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

THE WHITE HOUSE

WASHINGTON

Date: December 15, 1977

MEMORANDUM

**FOR ACTION:**

Jim Fallows

**FOR INFORMATION:**

Tim Kraft

*attached cc to Fallows*

**FROM:** Rick Hutcheson, Staff Secretary

**SUBJECT:** Brzezinski memo dated 12/14/77 re Overseas Travel of Senior Administration Officials.

**YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:**

**TIME:**

**DAY:** IMMEDIATE TURNAROUND

**DATE:**

**ACTION REQUESTED:**

Your comments

Other:

**STAFF RESPONSE:**

I concur.

No comment.

*Please note other comments below:*

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Date: December 15, 1977

MEMORANDUM

FOR ACTION:  
Jim Fallows

FOR INFORMATION:  
 Tim Kraft

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Brzezinski memo dated 12/14/77 re Overseas Travel of  
 Senior Administration Officials.

YOUR RESPONSE MUST BE DELIVERED  
 TO THE STAFF SECRETARY BY:

TIME:

DAY: IMMEDIATE TURNAROUND

DATE:

ACTION REQUESTED:

 Your comments

Other:

STAFF RESPONSE:

 I concur. No comment.*Please note other comments below:**Revision attached.***PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE  
WASHINGTON

MEMORANDUM FOR THE HEADS OF EXECUTIVE  
DEPARTMENTS AND AGENCIES

*I have asked*

Travel abroad by senior officials of the Federal Government is an important part of the Administration's conduct of foreign policy. To insure that such travel is planned and timed in the best interests of overall foreign policy considerations, the Department of State has been asked to establish a set of procedures for the notification of travel plans by senior Administration officials (to include Assistant Secretary level and above or the equivalent). When you or senior members of your Department or Agency are contemplating a trip abroad, the Executive Secretariat of the Department of State is to be informed (no later than 10 working days in advance) and provided with information on the purpose of the trip and expected date of departure prior to confirming travel plans with foreign government representatives. The Department of State will keep the Assistant to the President for National Security Affairs currently informed and will implement a review of the prospective travel and, if necessary, suggest modification as may be considered appropriate after consultation with the National Security Council. After the trip is cleared, the Department of State will provide facilitative assistance and substantive briefings, if desired.

*(conducting)*

*you should notify*

*your will*

*The Dept. will (over)*

*in your plans.*

*over 2*

*be happy to provide*

*plans*

*at least*

*before your trip. Before*

*or other sorts of help you may desire*

*you should tell the Executive Secretariat about the purpose of your trip and the expected date of departure.*

Date: December 15, 1977

MEMORANDUM

FOR ACTION:  
Jim Fallows

FOR INFORMATION:  
Tim Kraft

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Brzezinski memo dated 12/14/77 re Overseas Travel of Senior Administration Officials.

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME:

DAY: IMMEDIATE TURNAROUND

DATE:

ACTION REQUESTED:

 Your comments

Other:

STAFF RESPONSE:

 I concur. No comment.*Please note other comments below:*

*Rick,*

The new arrangement makes no reference to the Appointments Office being informed of this travel abroad. This should be an automatic relay from NSC.

TIM KRAFT

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE  
WASHINGTON

7255

ACTION

December 14, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI *ZB*

SUBJECT: Overseas Travel of Senior Administration  
Officials

As requested, the memo to the Cabinet on overseas travel has been revised to reflect your comments (Tab B). It now provides for a 10-day notice to the Department of State and prior consultation with the NSC only in the event of an objection to the travel. I believe that this measure will streamline the process. We will coordinate the instructions that the State Department will issue.

RECOMMENDATION:

That you approve the memo to the Cabinet at Tab A.

Approve \_\_\_\_\_

As amended \_\_\_\_\_

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE HEADS OF EXECUTIVE

DEPARTMENTS AND AGENCIES

Travel abroad by senior officials of the Federal Government is an important part of the Administration's conduct of foreign policy. To insure that such travel is planned and timed in the best interests of overall foreign policy considerations, the Department of State has been asked to establish a set of procedures for the notification of travel plans by senior Administration officials (to include Assistant Secretary level and above or the equivalent). When you or senior members of your Department or Agency are contemplating a trip abroad, the Executive Secretariat of the Department of State is to be informed (no later than 10 working days in advance) and provided with information on the purpose of the trip and expected date of departure prior to confirming travel plans with foreign government representatives. The Department of State will keep the Assistant to the President for National Security Affairs currently informed and will implement a review of the prospective travel and, if necessary, suggest modification as may be considered appropriate after consultation with the National Security Council. After the trip is cleared, the Department of State will provide facilitative assistance and substantive briefings, if desired.

Instructions for reporting foreign travel will be provided separately by the Department of State.

THE WHITE HOUSE

WASHINGTON

December 7, 1977

ACTION

MEMORANDUM FOR: THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI *ZB.*

SUBJECT: Overseas Travel of Senior Administration Officials

During the administration of President Nixon, the White House asked Cabinet officers to report prospective overseas travel for clearance and the White House and NSC coordinated the itinerary with the Department of State. The procedure was established to insure that a visit by an Administration official to a particular country did not jeopardize foreign policy objectives at a sensitive period and preclude the possibility of having two or more officials independently visit the same country during the same period, as well as provide State Department briefings and assistance as required for the travel.

State and the NSC recommend continuing the procedure, except for White House personnel, which would continue to be handled through Tim Kraft, my office and State. Tim Kraft and Phil Wise concur. A memo to the Cabinet is attached at Tab A for your approval. No previous instruction has been issued since 1971. It is also recommended that a similar memo be circulated to the White House Staff.

RECOMMENDATION

That you approve the memo to the Cabinet at Tab A.

Approve *[initials]*  
 As amended *[checkmark]*

*Minimum prior notice to NSC should be required, & if there are unwarranted delays in NSC & State the trip should be made*

*If no comment is made by NSC or State or*

*J.C.*

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE HEADS OF EXECUTIVE

DEPARTMENTS AND AGENCIES

Travel abroad by senior officials of the Federal government is an important part of the Administration's conduct of foreign policy. To insure that such travel is planned and timed in the best interests of overall foreign policy considerations, the Department of State has been asked to establish a set of procedures for the notification of travel plans by senior Administration officials (to include Assistant Secretary level and above or the equivalent). When you or senior members of your Department or Agency are contemplating a trip abroad, the National Security Council is to be informed and provided with information on the purpose of the trip and expected date of departure prior to confirming travel plans with foreign government representatives. The NSC is to consult with the Department of State, which will implement a review of the prospective travel and, if necessary, suggest to the NSC such modification as may be considered appropriate. After the trip is cleared, the Department of State will provide facilitative assistance and substantive briefings, if desired.

A handwritten signature in black ink, reading "Jimmy Carter". The signature is written in a cursive, flowing style with a prominent flourish at the end.

THE WHITE HOUSE  
WASHINGTON

12/19/77

Mr. President:

NSC says that your point regarding unwarranted delays will be dealt with in the State Department implementing memo of instruction.

Rick

NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20506

7255

December 15, 1977

MEMORANDUM FOR BILL SIMON

FROM: Christine Dodson *Christine*

SUBJECT: Overseas Travel Memo

As requested, we have reviewed Fallows' changes and prefer that Dr. Brzezinski's original memo (which directly follows) be used. The Fallows' version changes the context intended. As to the President's specific point on delay, be assured that this will be dealt with in the State Department implementing memo of instruction, which it would tend to be more appropriately addressed than in the President's memo.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE HEADS OF

EXECUTIVE DEPARTMENTS AND AGENCIES

*Respect*  
*document*  
Travel abroad by senior officials of the Federal Government is an important part of the Administration's conduct of foreign policy. To insure that such travel is planned and timed in the best interests of our overall foreign policy, I have asked the Department of State to establish a set of procedures for coordinating travel plans by senior Administration officials (to include Assistant Secretary level and above or the equivalent). When you or senior members of your Department or Agency are contemplating a trip abroad, you should notify the Executive Secretariat of the Department of State at least 10 working days before your trip. Before confirming your travel plans with foreign government representatives, you should (tell) the Executive Secretariat about the purpose of your trip and the expected date of departure. The Department of State will review the travel plans and, if necessary, will suggest modifications. *advice*  
The Department will keep the Assistant to the President for National Security Affairs informed of travel plans and will consult with the National Security Council in making these decisions. After the trip is cleared, the Department of State will be happy to provide briefings or other sorts of help you may desire. *?*  
*||*

*why here?*  
If you hear no reply from the National Security Council or State Department, or if there are unwarranted delays in their response, you should go ahead with your plans. *|| ?*

Instructions for reporting foreign travel will be provided separately by the Department of State.

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THE WHITE HOUSE  
WASHINGTON  
December 21, 1977

Stu Eizenstat

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: The Vice President  
Hamilton Jordan  
Frank Moore  
Jim McIntyre

RE: HATCH ACT REFORM BILL EFFECT  
ON DOMESTIC POLICY STAFF

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
	X	MONDALE
		COSTANZA
X		EIZENSTAT
	X	JORDAN
		LIPSHUTZ
	X	MOORE
		POWELL
		WATSON
	X	LANCE JM
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

1096  
THE WHITE HOUSE  
WASHINGTON

12/19/77

Mr. President:

Hamilton concurs. Congressional Liaison also concurs, but observes that "we must be prepared to respond to charges of an intention to violate the Federal Election Campaign Act. The public financing provisions of the Act prohibit presidential candidates from using White House staff resources in a presidential general election."

Rick

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for Preservation Purposes**

THE PRESIDENT HAS SEEN,

THE WHITE HOUSE  
WASHINGTON

December 9, 1977

oh  
J

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
STEVE SIMMONS *SS*  
SUBJECT: Hatch Act Reform Bill Effect  
on the Domestic Policy Staff

Background

Under H.R. 10, the Hatch Act reform bill (which passed the House and is now in Senate Committee), most federal employees would be prohibited from engaging in "political activity while...on duty." Exempted from this prohibition are employees paid from the White House appropriation or from funds to enable the Vice President to provide Presidential assistance, and certain other employees. We will be offering an amendment to have the exemption apply to persons appointed by the President and confirmed by the Senate (this is the present law). In the Executive Office of the President, this amendment will mean that Presidential appointees such as the Director and Deputy Director of OMB, members of the CEQ and CEA, and the Special Trade Representative and his two deputies will continue to be exempt. We would like the Domestic Policy Staff also to be exempt from the political activity on duty restriction.

Discussion

Adding an explicit statutory exception for the DPS in the Senate might provoke some adverse comment and would involve some political risk. However, there are strong arguments on behalf of now seeking such an exemption:

- By the very nature of the office, the President must be engaged in partisan and political activities. In exempting the President and his White House office from the "political activity on duty restriction" this is recognized. It is only logical to also include the President's personal Domestic Policy Staff. The

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line between "Presidential" and "political" issues work we do is hard, if not impossible, to draw. By comparison, most congressional offices have their issues staff members engaged in partisan political activities.

- Without this exemption, my staff would be partially hamstrung during the election in terms of issues material for the campaign, both for you and for the D.N.C.
- The explicit exemption would minimize the potential for complaints, investigations, or press comments on any DPS political activity in the post-Watergate era.
- We have explored this issue with Senate committee staff; they agree that a statutory exemption for the DPS is entirely appropriate, and have suggested that it be offered by the Committee without formal submission by the Administration, which would minimize our political liability. If we meet resistance, we can always drop the DPS exemption proposal and seek helpful committee report language.
- Regardless of the Hatch Act, there are legal controls on DPS partisan political activities, such as utilizing funds only for appropriated purposes.

All members of the Hatch Act Reform Interagency Task Force think that an exemption for the DPS makes sense. Unless you disagree, we will move forward in coordination with Frank's staff for an explicit statutory exemption in the Senate committee.

THE WHITE HOUSE

WASHINGTON

Date: December 14, 1977

MEMORANDUM

**FOR ACTION:**

Hamilton Jordan *concur*  
Bob Lipshutz  
Frank Moore (Les Francis) *Attended*

**FOR INFORMATION:**

The Vice President  
Midge Costanza  
Jack Watson  
Jim McIntyre

**FROM:** Rick Hutcheson, Staff Secretary

**SUBJECT:** Eizenstat memo dated 12/9/77 re Hatch Act Reform Bill  
Effect on the Domestic Policy Staff

**YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:**

**TIME:** 11:00 AM

**DAY:** Friday

**DATE:** December 16, 1977

**ACTION REQUESTED:**

Your comments

Other:

**STAFF RESPONSE:**

I concur.

No comment.

*Please note other comments below:*

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Date: December 14, 1977

MEMORANDUM

**FOR ACTION:**

Hamilton Jordan  
Bob Lipshutz  
Frank Moore (Les Francis)

**FOR INFORMATION:**

The Vice President  
Midge Costanza  
Jack Watson  
Jim McIntyre

XC: Tate ✓  
Cable ✓  
FM ✓

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Eizenstat memo dated 12/9/77 re Hatch Act Reform Bill  
Effect on the Domestic Policy Staff

**YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:**

TIME: 11:00 AM

DAY: Friday

DATE: December 16, 1977

**ACTION REQUESTED:**

Your comments

Other:

**STAFF RESPONSE:**

I concur.

No comment.

*Please note other comments below:*

CONGRESSIONAL LIAISON: If we work for a specific statutory exemption for DPS political activities, we must be prepared to respond to charges of an intention to violate the Federal Election Campaign Act. The public financing provisions of that Act prohibit Presidential candidates from using White House staff resources in a Presidential general election. At the very least, the two statutory provisions could be deemed inconsistent. (37)

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Date: December 14, 1977

MEMORANDUM

## FOR ACTION:

Hamilton Jordan  
 Bob Lipshutz  
 Frank Moore (Les Francis)

## FOR INFORMATION:

The Vice President  
 Midge Costanza  
 Jack Watson  
 Jim McIntyre

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Eizenstat memo dated 12/9/77 re Hatch Act Reform Bill  
 Effect on the Domestic Policy Staff

YOUR RESPONSE MUST BE DELIVERED  
 TO THE STAFF SECRETARY BY:

TIME: 11:00 AM

DAY: Friday

DATE: December 16, 1977

## ACTION REQUESTED:

 Your comments

Other:

## STAFF RESPONSE:

 I concur. H.Q. No comment.

Please note other comments below:

12/15/77

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE  
WASHINGTON

December 21, 1977

Stu Eizenstat

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Frank Moore  
Jack Watson  
Greg Schneiders

RE: FLOOD INSURANCE

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
X		EIZENSTAT
		JORDAN
		LIPSHUTZ
	X	MOORE
		POWELL
	X	WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
X	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE  
WASHINGTON

12/20/77

Mr. President:

OMB supports Secretary Harris' recommendation, observing that cost to the government from termination of the HUD-NFIA relationship will not be increased, as the terms of the risk-sharing agreement were very favorable to NFIA.

Greg Schneiders, however, sees NFIA as "an innovative attempt to phase government out of areas that could be effectively handled by the private sector," and recommends that the Secretary be asked to extend the contract with NFIA for 60 days in order to allow more time for congressional reaction.

---Rick

~~THE~~ PRESIDENT HAS SEEN.

Electrostatic Copy Made  
for Preservation Purposes

THE WHITE HOUSE  
WASHINGTON

December 20, 1977

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
SUBJECT: Secretary Harris' Memo on National  
Flood Insurance

Secretary Harris has sent you a memo indicating that HUD will take over the operation of the National Flood Insurance Program on January 1, unless you disapprove.

The program has been operated since 1969 by the National Flood Insurers' Association (NFIA), a pool of private insurance companies, on a basis whereby the operators shared the risk of loss with the Federal Government. The National Flood Insurance Act of 1968 expresses a clear Congressional preference that the program be operated by private companies, but provides that HUD may take over the program, and assume full risk, if the Secretary of HUD finds that a federal takeover would "materially assist" operations. On November 2, Secretary Harris announced that HUD would assume operation of the program, thereby realizing savings of \$15 million per year. HUD's decision will be reversible until the end of this week; the issue is whether the takeover should be implemented.

On the merits, this is a close question. First, HUD acknowledges that the \$15 million savings may not be realized. Second, the GAO has strongly criticized HUD's Federal Insurance Administration, which has a mixed record in meeting its present limited operational responsibility, and the real risk is that program operations may suffer. However, OMB accepts HUD's savings projections, and I am not inclined to second guess her judgment on this issue.

The political issue is also difficult. The Secretary's decision is supported by the Committee Chairmen who oversee the program, Senators Proxmire and Sparkman and Representatives Ashley and Boland. But there is substantial pressure from the insurance industry, and Senators Robert Byrd, Eagleton, Williams, Ribicoff, Morgan and others have asked that HUD's decision be reversed, although only Eagleton seems genuinely upset. The merits aside, his argument is that the statute

requires HUD to notify the Congress 30 days prior to seeking a takeover, but that the 30-day "waiting period" elapsed during November when the Senate was meeting only in pro forma sessions and hearings on the takeover were not feasible. Eagleton is asking HUD to defer implementing its decision for 90 days to permit a full Congressional review. As a matter of protocol, Frank Moore and I would have preferred that Congress have a better opportunity to review this issue, but the Secretary believes that a delay could jeopardize the takeover, and we again accept her judgement. In addition, HUD is strongly publicly committed, and a White House reversal would be extremely embarrassing at this time.

Recommendation: Frank Moore and I recommend that the Secretary be permitted to implement the takeover.

Agree  \_\_\_\_\_

Disagree  \_\_\_\_\_



**Electrostatic Copy Made  
for Preservation Purposes**

NOTE

ORIN KRAMER WILL TALK WITH CL TO SEE IF THEY CAN WORK  
OUT A JOINT POSITION. DOUBTFUL THAT THIS ISSUE NEEDS  
TO GO TO THE PRESIDENT FOR DECISION

Ch of Orin  
Monday

SE will recommend not ~~staying~~ staying  
to the President

THE WHITE HOUSE  
WASHINGTON

*1-113 - should w/ O'Neil - delay w/ due to HUD budget review*

Date: December 6, 1977

MEMORANDUM

**FOR ACTION:**  
Stu Eizenstat  
Frank Moore (Les Francis)  
Jack Watson  
Jim McIntyre

*SHOULD NOT go to O'Neil - attached*

**FOR INFORMATION:**  
The Vice President  
Midge Costanza  
Greg Schneiders  
*Should be brief statement in Harris weekly summary*

*Done in Wiley summary*

**FROM:** Rick Hutcheson, Staff Secretary

**SUBJECT:** Harris memo dated 12/6/77 re National Flood Insurance Program

*House - should proceed carefully w/ full advance notification of the bill.  
Senate - strongly recom ABAINST proposed course of action*

**YOUR RESPONSE MUST BE DELIVERED TO THE STAFF SECRETARY BY:**  
**TIME:** 12:00 Noon  
**DAY:** Thursday  
**DATE:** December 8, 1977

**ACTION REQUESTED:**  
 Your comments  
Other:

**STAFF RESPONSE:**  
 I concur.  No comment.  
*Please note other comments below:*

*12-5 EXPECTED FROM SC TODAY*

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**  
If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE  
WASHINGTON

<input checked="" type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

ACTION	FYI	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	<input checked="" type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	<input type="checkbox"/>	LIPSHUTZ
<input checked="" type="checkbox"/>	<input type="checkbox"/>	MOORE
<input type="checkbox"/>	<input type="checkbox"/>	POWELL
<input checked="" type="checkbox"/>	<input type="checkbox"/>	WATSON
<input checked="" type="checkbox"/>	<input type="checkbox"/>	McINTYRE
<input type="checkbox"/>	<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

<input type="checkbox"/>	<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	<input type="checkbox"/>	CARP
<input type="checkbox"/>	<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	<input type="checkbox"/>	GAMMILL

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<input type="checkbox"/>	<input type="checkbox"/>	MITCHELL
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<input type="checkbox"/>	<input type="checkbox"/>	POSTON
<input type="checkbox"/>	<input type="checkbox"/>	PRESS
<input type="checkbox"/>	<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	<input checked="" type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	<input type="checkbox"/>	WARREN



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D. C. 20410

DEC - 6 1977

MEMORANDUM FOR: The President

SUBJECT : National Flood Insurance Program

On November 2, 1977, I made a formal determination pursuant to the National Flood Insurance Act of 1968 (the "Act") to operate the National Flood Insurance Program under a Part B framework. (A copy is attached for your information). The purpose of this memorandum is to inform you of the background of that determination and its present and likely consequences.

BACKGROUND

Since its inception in 1969, the National Flood Insurance Program has been operated by the National Flood Insurers Association ("NFIA"), a pool of private insurance companies. The Act provides that the program is to be operated by the insurance companies under a Part A framework, under which the operators share the risk of loss with the Federal Government, unless operation of the program cannot be carried out under Part A or operation of the program would be assisted materially by the Federal Government's assumption in whole or in part of the operational responsibility for the program. In the latter case, the program may be operated under a Part B framework, with the Government assuming full risk.

Earlier this year, negotiations between HUD and NFIA for continuation of the program under NFIA broke down because of NFIA's unwillingness to accept HUD's right to prior approval of NFIA operating expenses, and HUD's right to decide such questions as the scope of benefits for those participants whose homes or businesses are damaged by floods. Because of that impasse, on July 5, 1977, NFIA notified HUD that it would not continue to operate the program after December 31, 1977.

In order to provide for continuity of the program, I authorized the preparation and publication of a request for proposals for a successor entity to continue the operation of the program after December 31, 1977, under either Part A or Part B. No bids were received under Part A. Two bids were received under Part B, the lower of which would provide for operation of the program at a saving of \$15 million per year below the amount which NFIA proposed to charge. The successful bidder was EDS Federal Corporation of Dallas, Texas.

The consumer will not be affected by the change to a Part B program. Our intention is to continue to utilize private sector insurance agents and brokers, and insurance adjustment organizations in providing flood insurance coverage and adjusting claims under the program. A computer firm rather than NFIA will do the data processing required in the administration of the program.

#### CONGRESSIONAL RESPONSE

Prior to making my determination on November 2, 1977, I engaged in consultations with the chairmen of the congressional committees which exercise oversight over the Federal Flood Insurance Program. Each of the chairmen consulted (Senator Proxmire, Senator Sparkman, Congressman Ashley, and Congressman Boland) endorsed my determination to proceed under Part B.

A major effort has been mounted by the insurance industry, operating through the NFIA, to block implementation of my determination to proceed under Part B. Senators Robert Byrd, Eagleton, Williams, Ribicoff, Morgan and others have written to me asking that the contract with NFIA be extended. In addition, NFIA has inspired a letter-writing campaign to Members of Congress generally, pressing for deferral of Part B implementation. Serious adverse consequences would occur as the result of any extension of the contract with NFIA. An extension would completely disrupt the orderly transition of responsibility for operating the program from NFIA to the successful bidder which is now nearing completion. It would cause us to

lose the bid of the successful low bidder and subject us to damages to the low bidder. Finally, any decision to extend the contract with NFIA would discourage EDS or any other bidder from ever again bidding on a proposal to replace NFIA and leave us with NFIA as the only possible entity with which we can contract.

The statutory waiting period of 30 days before I could implement my determination to operate the flood insurance program under Part B has now passed without any adverse Congressional action having been taken.

### LITIGATION

On November 29, 1977, NFIA instituted a civil action in the District Court for the District of Columbia seeking to restrain me from entering into a contract with EDS Federal Corporation for operation of the Federal Insurance Program beginning on January 1, 1978. The complaint alleges that I exceeded my statutory authority in making the determination to proceed under Part B. A hearing on NFIA's motion for a temporary restraining order or a preliminary injunction has been scheduled for December 9, 1977.

### PROBABLE CONSEQUENCES

I am taking steps to inform Members of Congress of the rationale supporting my determination. Assuming that HUD is successful in securing dismissal of the NFIA complaint, the new contract we propose to sign with EDS Federal Corporation would go into effect on January 1, 1978. While there is a possibility of Congressional action expressing disapproval of such a course before that time, I have been advised that such action is unlikely.

It is difficult to state what long term effects the controversy may have for the Department and the Administration in the Congress. If the Part B operation of the program does not result in a degradation of services to the consumers, and does realize savings to the taxpayers in the amount of \$15 million, as anticipated, any long term adverse consequences

should be minimal. There is some risk that the anticipated savings will not materialize, and that the quality of service may decline. The evidence before us at this time strongly suggests that these consequences are unlikely to occur and the Department is exercising all its resources to assure that they do not. However, if they should, a Congressional effort to amend the National Flood Insurance Act to mandate its operation by the insurance industry may be undertaken next year.

A handwritten signature in cursive script that reads "Pat".

Patricia Roberts Harris

- Secretary to proceed.
- Please discuss with me.



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

DEC 8 1977

MEMORANDUM FOR: RICK HUTCHESON  
THROUGH : BO CUTLER  
FROM : DENNIS O. GREEN  
SUBJECT : National Flood Insurance Program

This will respond to your request for comments on Secretary Harris' memorandum to the President regarding operation of the National Flood Insurance Program under a Part B (private contractor) framework.

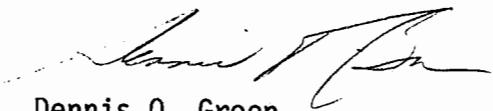
I agree with the Secretary's proposal and recommend that the President allow her to proceed with turnover of the program operation to EDS Corporation by January 1, 1978. Also, there are two points which I believe should be noted with regard to this change in management of the program:

1. Although theoretically the National Flood Insurers Association (NFIA) is a risk-sharing partner, it has never paid anything out of its risk exposure fund due to the very favorable terms of the risk-sharing provision. Even if two Hurricane Agneses were to reoccur today and all of the property damage was covered by flood insurance, NFIA would still bear none of the costs. Thus, the cost to the Federal Government from insurance claims will not be increased due to termination of our relationship with NFIA.
2. Outlay savings will accrue from a switch in management of the program. The table below compares estimated outlays for the National Flood Insurance Fund under NFIA (Part A) contract versus a private (Part B) contract.

(Dollars in Millions)

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Part A	69	69	83	96	111	126
Part B	65	51	60	69	78	88
Difference	-4	-18	-23	-27	-33	-38

If, as the Secretary states in her memorandum, the Part B arrangement turns out to be more expensive than anticipated, the additional cost would be somewhere in the \$5 million range above the current Part B estimates.



Dennis O. Green  
Associate Director for  
Economics and Government

THE WHITE HOUSE

WASHINGTON

December 7, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Greg Schneiders *Greg*

SUBJECT: Secretary Harris' Memorandum of  
December 6 on the National Flood  
Insurance Program

The intention of the National Flood Insurance Act of 1968 was to establish a partnership between HUD and a consortium of private insurers which would lead gradually to a 100% private sector program. As such it was an innovative attempt to phase government out of areas that could effectively be handled by the private sector. Although there have been some flaws in the operation of the program it was, in fact, moving toward its goal.

The effect of the Secretary's decision will be to reverse that trend and put HUD irrevocably into the flood insurance business. Among those I have talked to on the Hill, at FDAA, NFIA and the Federal Insurance Administration there is near unanimity that Part A should be given more time to work as it was intended. There is also extreme skepticism about the \$15 million savings ever being realized.

I recommend that the Secretary be asked to extend the contract with NFIA for 60 days in order to allow time for reaction by those concerned Members of Congress, many of whom were taken by surprise despite the statutory thirty day waiting period.

THE WHITE HOUSE

WASHINGTON

December 15, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*

SUBJECT: Secretary Harris' Memo--  
National Flood Insurance Program

Secretary Harris' memo describes her recently announced decision on the National Flood Insurance Program and the consequences of that decision.

This program has been operated since 1969 by the National Flood Insurers Association (NFIA), a pool of private insurance companies. The National Flood Insurance Act provides for two alternative means of operating the program: 1) Part A, under which HUD and private insurance companies share the risks of loss; and 2) Part B, under which HUD assumes full risk of loss and assumes operational responsibility for the program. Because of a dispute between HUD and NFIA over operating expenses and the scope of benefits to be provided to various classes of recipients, Secretary Harris decided to operate the program under the Part B format. She projects that her decision will save the government \$15 million per year.

Before announcing her decision, Secretary Harris received the support of the Committee Chairmen who oversee the program, Senators Proxmire and Sparkman and Representatives Ashley and Boland. Some adverse Congressional reaction has emerged, particularly from Senator Eagleton. Eagleton would like to hold hearings on this matter, but, as Proxmire pointed out to his colleagues, the statutorily prescribed period for Congressional disapproval has lapsed. Thus, Congress is unlikely to act to prevent implementation of the decision, but NFIA will continue its court battle to block the Secretary's actions.

By operating the flood insurance program under Part B, Secretary Harris assumes a new and difficult responsibility.

The manner in which she handles this program will receive close Congressional scrutiny. Should HUD fail, Congress may mandate the use of the Part A procedures.

On the merits there appears no reason to second guess her decisions at this time. The Secretary states that she will contact all interested Congressmen to explain her decision. I recommend that you concur with her decisions on this matter.



# REPRINT

from

# federal register

Volume 42; Number 217 ■ Thursday, November 10, 1977  
pgs. 58569-75

[ 4210-01 ]

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Federal Insurance Administration

[Docket No. N-77-813]

### NATIONAL FLOOD INSURANCE PROGRAM

#### Secretary's Report to the Congress Upon Making Determination To Operate Under Part B Framework

AGENCY: Housing and Urban Development-Federal Insurance Administration.

ACTION: Notice of report.

**SUMMARY:** The Secretary is publishing this report to the Congress after consultation with the Insurance Industry, and after determination that the Flood Insurance Program under the National Flood Insurance Act of 1968, would be assisted materially by the Federal Government's assumption, in whole or in part, of the operational responsibility for Flood Insurance. The report: (1) Sets forth reasons for this determination, (2) contains support for pertinent findings, (3) indicates to what extent utilization of the insurance industry is anticipated under the program, and (4) contains recommendations of the Secretary.

**DETERMINATION DATE:** The Secretary determined on November 2, 1977 that operation of the Flood Insurance Program would be assisted materially by Federal Government assumption, in whole or in part, of the operational responsibility for Flood Insurance.

#### FOR FURTHER INFORMATION CONTACT:

Ruth Prokop, General Counsel, Department of Housing and Urban Development, 451 7th Street SW., Washington, D.C. 20401, 202-755-7244.

#### SUPPLEMENTAL INFORMATION:

##### PART B—GOVERNMENT PROGRAM WITH INDUSTRY ASSISTANCE

##### DETERMINATION

After consultation with representatives of the insurance industry, I do hereby determine that operation of the

flood insurance program authorized by the National Flood Insurance Act of 1968 would be assisted materially by the Federal Government's assumption, in whole or in part, of the operational responsibility for flood insurance.

NOVEMBER 2, 1977.

PATRICIA ROBERTS HARRIS,  
*Secretary, Department of  
Housing and Urban Development.*

#### REPORT TO THE CONGRESS UPON MAKING DETERMINATION TO OPERATE THE NATIONAL FLOOD INSURANCE PROGRAM UNDER PART B FRAMEWORK

This report is submitted to the Congress pursuant to §1340 of the National Flood Insurance Act of 1968 (Pub. L. 90-448; 42 U.S.C. §4071), which requires the Secretary, after consultation with representatives of the insurance industry, and after making a determination that the operation of the flood insurance program under a Part A framework "cannot be carried out, or that such operation, in itself, would be assisted materially by the Federal Government's assumption, in whole or in part, of the operational responsibility for flood insurance . . .", to submit to Congress a report which "shall—

- (1) State the reasons for such determination,
- (2) Be supported by pertinent findings,
- (3) Indicate the extent to which it is anticipated that the insurance industry will be utilized in providing flood insurance coverage under the program, and
- (4) Contain such recommendations as the Secretary deemed advisable."

#### PROGRAM SUMMARY AND BACKGROUND

The flood insurance program, established by Congress in the National Flood Insurance Act of 1968 (the "Act"), is based on a dual principle—to make flood insurance available to homeowners and businessmen and to require that new construction in flood-prone areas be located and built so as to reduce the flood hazard and loss of life and property. In its implementation, the program represents a combined effort on the part of the Federal, State and local governments.

The Department of Housing and Urban Development (HUD), working closely with local governments, directs the development of the program which, in addition to providing insurance premium subsidies to substantially offset losses on properties in high risk areas and providing excess reinsurance

to participating insurers, requires that local governments adopt and enforce flood plain management measures in order to avoid or reduce future flood damage to property and loss of lives in catastrophic floods.

The private insurance industry, represented by the National Flood Insurers Association (NFIA), a statutory pool of insurers with whom the Department has entered into a contract pursuant to Section 1332 of the Act (42 U.S.C. §4052), provides a pledge of risk capital and through property agents and brokers sells and services the flood insurance policies. The NFIA also utilizes servicing companies, normally on a state-wide basis, to disseminate information both to the public and to insurance agents, to process all insurance policies, and to handle the payment of flood losses in essentially the same manner as other types of insured property losses are adjusted.

Congress has entrusted the Secretary of the Department of Housing and Urban Development with very broad power and responsibility "to establish and carry out a national flood insurance program." (Section 1304(a) of the Act; 42 U.S.C. 4011(a)). The Secretary is specifically authorized to provide "for the general terms and conditions of insurability" and "the nature and limits of loss or damage . . . which may be covered by such insurance." (Section 1306(a) of the Act; 42 U.S.C. 4013). It is the Secretary who establishes premium rates for such insurance. (Sections 1307 and 1308 of the Act; 42 U.S.C. 4014 and 4015).

The Secretary has broad authority to arrange for the financing and administration of the flood insurance program and the method or methods by which claims for losses may be adjusted and paid. (Sections 1309-1312 of the Act; 42 U.S.C. 4016-4019). The Secretary is authorized to prescribe "appropriate requirements for insurance companies and other insurers" when they are permitted to participate in a pool to provide flood insurance coverage. (Section 1331 of the Act; 42 U.S.C. 4054). The Secretary is authorized to enter into such agreements with the pool as she deems necessary to carry out the purposes of the program. (Section 1332(a) of the Act; 42 U.S.C. 4052(a)).

The Secretary is authorized to utilize the facilities and services of insurance companies and other insurers, insurance agents, brokers or insurance adjustment organizations and other organizations "on such terms and conditions as may be agreed upon." (Section 1345 of the Act; 42 U.S.C. 4081).

The economic justification for the program (which requires extensive public subsidies to reduce premiums to the less than

actuarially sound level acquired to permit general participation by those who are on the flood plain) is the reduction in the need for flood disaster relief appropriations through the reduction in loss which will result from prudent flood plain management and construction, and by the purchase of flood insurance by those in high hazard areas.

#### DEVELOPMENT OF THE ACT

In 1965, after several devastating hurricanes and after the National Association of Insurance Commissioners had failed to induce the insurance industry to adopt a voluntary State program of flood insurance, Congress directed the Department of Housing and Urban Development to undertake a study of various programs, including insurance programs, which might be established to help provide financial assistance to those suffering property losses in floods and other natural disasters. The Department's comprehensive study included a careful review of the flawed, and never implemented, Federal Flood Insurance Act of 1956 as well as an intensive examination of the most promising alternatives for providing assistance to flood victims.

On August 8, 1966, then Secretary of Housing and Urban Development, Robert C. Weaver forwarded to the President the Department's report on the study and its conclusions. The Secretary's transmittal letter stated: "the study concludes that flood insurance is both feasible and can promote the public interest." On August 12, 1966, President Johnson formally transmitted the Department's report to the Congress.

The report outlined four alternative methods of carrying out a national flood insurance program:

(1) A fully private and fully self-supporting flood insurance program, operated and managed wholly by private insurance companies.

(2) A program of flood insurance operated by the private insurance industry, with major help by the Federal government.

(3) A Federal flood insurance program operated by the private insurance industry as fiscal agents for the Federal government.

(4) An all-Federal program of flood insurance.

After reviewing all four alternatives, the report recommended the second alternative noting that: "A flood insurance program operated by the private insurance industry with extensive Federal help, seems both desirable and feasible; it would require each party to assume major responsibility."

In 1967, Congress considered a number of proposals for a flood insurance program and in 1968, it enacted a comprehensive blueprint for the establishment of such a program. The National Flood Insurance Act of 1968 contains detailed specifications for, among other things, the scope and priorities of the program, the nature and extent of insurance coverage to be made available, community flood plain management requirements to be met as a condition to community participation and insurance availability, program financing, and importantly, the organization and administration of the program.

As to the organization and administration of the program, the Act establishes the framework for the cooperative industry-government arrangement recommended in the 1966 report and authorizes the Secretary to implement the program in accordance with the framework which is designated in the statute as "Part A."

The Act also establishes a "Part B" framework which authorizes a Federally operated program which could be administered either with the assistance and services of private insurers or entirely by Federal employees. The Act authorizes the Secretary to shift from "Part A" to "Part B" after consultation

with representatives of the insurance industry and notification to the Congress, once the Secretary has determined that "operation of the flood insurance program as provided under Part A cannot be carried out, or that such operation, in itself, would be assisted materially by the Federal Government's assumption, in whole or in part, of the operational responsibility for flood insurance \* \* \*."

#### FOUNDING THE NATIONAL FLOOD INSURERS ASSOCIATION

The Act authorized the Secretary to encourage and to assist insurance companies to join together in a pool (1) to provide flood insurance coverage, (2) to participate financially in underwriting risks assumed based upon Secretary prescribed minimum requirements for capital or surplus or assets and (3) to adjust and pay claims for flood losses.

On June 6, 1969, the Department and the insurance industry, acting through the newly formed National Flood Insurers Association (NFIA), signed an agreement which established the relationship between the industry and the government and enabled the flood insurance program to be implemented under "Part A."

NFIA, which now consists of more than 130 private insurance companies representing a broad segment of the property and casualty insurance industry, including the nation's ten largest, was formed for the sole purpose of carrying out the National Flood Insurance Program. The Association is a voluntary non-profit unincorporated association of insurers. Eligibility for participation requires \$1,000,000 in assets, the assumption of at least \$25,000 worth of underwriting loss to be incurred under all contracts of direct insurance or reinsurance arranged in the name of the Association in any one year, and the payment of \$50 for each \$25,000 pledged participation. In all matters, members are entitled to one vote for each \$25,000 of pledged participation and as a result the ten largest private property and casualty insurers in the United States have effective control of the Executive Committee of the NFIA. It is significant, however, that despite the pledging of numerous units of \$25,000 of risk these major companies are basically not at risk. The cost of any expense and flood insurance coverage is borne primarily by the insured property owners and the government. In fact, the "promised risk capital," is not paid in by the member insurers, and since 1969, when the program began, no participating insurer has expended any of its promised risk capital.

#### THE INITIAL PROGRAM

Despite the successful negotiation of the government-industry partnership in 1969, the new program foundered when it became apparent that the capacity to complete the basic flood hazard evaluations and rate studies necessary to qualify participating communities under the Act did not exist. In quick response to the problem, Congress, as part of the Housing and Urban Development Act of 1969 (P.L. 91-152; 42 U.S.C. 4056), amended the statute to authorize emergency implementation of the program for existing construction in communities where required studies were not yet completed.

Despite rapid implementation of the emergency program, however, community participation in, and coverage of flood-prone property under the program was disappointing. The program was voluntary and many communities did not join. Some communities chose to stay out rather than adopt required minimal flood plain management measures for identified special flood hazard areas within their jurisdictions; others did not join because of a lack of interest.

#### THE 1973 AMENDMENTS

In 1973, after another series of disastrous floods, notably those resulting from Hurri-

cane Agnes, Congress passed the Flood Disaster Protection Act of 1973 (P.L. 93-234; 42 U.S.C. 4001 et seq.). That Act changed the basic nature of the program. It precluded direct Federal assistance for construction or acquisition purposes in identified special flood hazard areas of communities which were not participating in the program by the statutory deadline date, and required denial of any mortgage loan assistance from Federally supervised, approved, regulated, or insured lenders in those areas. In addition, it required the purchase of flood insurance as a condition to any Federally related mortgage loan in participating communities.

After enactment of the 1973 amendments, the program grew dramatically. As of January, 1973, more than four years after the program's inception, only 2,000 communities were participating in the program and only 200,000 property owners were insured. However, by October, 1977, the program had 16,000 participating communities, with over 1,400,000 policies outstanding.

The change from a voluntary to a mandatory program had an immediate and dramatic effect on the operations and workload of the NFIA. At the outset of the program and for a period of four years after its formation, the NFIA was a small organization without any significant professional staff. It relied on informal arrangements with the private insurance industry to obtain the services it required. As late as 1974, NFIA still relied almost exclusively on manual processing performed by various servicing entities.

#### INCREASED TENSION BETWEEN HUD AND NFIA

By March of 1974, the Department had become concerned with NFIA's management performance, the capacity of NFIA to handle the great workload demands generated by the changes in the flood insurance legislation and the willingness and ability of NFIA to provide certainty and uniformity in the treatment of policyholders. The Department, therefore, requested NFIA to develop a professional staff and to obtain data processing services essential to the efficient operation of the expanded program. In addition, since the agreement by the Government and NFIA could be terminated by NFIA at any time, the Department requested that such data processing services be performed by an independent company whose services the Department could acquire directly in the event of such a termination by NFIA.

Although change in the structure of NFIA came primarily in response to prodding by the Department, with the growth of a bureaucracy, the NFIA developed the capacity to identify and define substantial differences between it and the Department and to articulate an institutional position on significant policy issues.

For example, the Department, from the beginning of its relationship with NFIA, asserted the Secretary's authority to interpret the scope of coverage of the Standard Flood Insurance Policy. In the early years NFIA followed HUD interpretations in such matters as erosion and mudslide claims when disputes arose between insurers and policyholders. After 1974, however, NFIA asserted that it was not subject to HUD interpretations of flood insurance policy coverage.

For a period of time NFIA refused to comply with an interpretation that HUD issued in connection with NFIA's disclaimer of coverage for a policyholder's expense in removing insured personal property from insured premises in imminent danger from flood. HUD's interpretation was premised basically on the policy language which required the insured to "use every reasonable means to save and preserve the property at the time of and after an occurrence of \* \* \* [flood]." NFIA refused to comply with the HUD interpretation and at the time of the flooding in Minot, N. Dak., announced

throughout the affected area that removal costs would not be compensated under flood insurance policies.

NFIA also refused to competitively bid its servicer contracts. Rather, thirteen of the fifteen member companies which comprise the NFIA Executive Committee perform such servicing on a sole source basis receiving 81.1 percent of the program servicing fees. These fees amounted to a total of \$16,056,418 in the period covering 1970-1975 for the thirteen largest participating insurers.

In addition, NFIA refused to accede to prior HUD approval of its overhead operating costs which increased dramatically after the 1973 Amendments. The total HUD payment to NFIA in 1970 was only \$51,945. By 1975 that annual HUD payment had risen to \$20,629,589. The tremendous growth in the amount of the total payment made it essential for HUD to assert an effective method for prior review and approval of NFIA's planned expenditures.

#### DEPARTMENTAL RESPONSE

In summary, between 1974 and early 1976 major areas of disagreement between HUD and NFIA became apparent with respect to the authority of the Department to construe the terms of the Standard Flood Insurance Policy, issue interpretations of the policy, and require contracts let by NFIA to be subject to competitive bidding. As a result, on August 30, 1976, the Department asserted its rights under the statute and the June 6, 1969, agreement between it and the NFIA, and promulgated proposed regulations addressing these major areas of disagreement. After the period of public comment closed, the Department decided that resolution of the outstanding issues between HUD and the NFIA could best be achieved by negotiations with the NFIA.

These negotiations began in early September, 1976. The outstanding issues between the parties were identified and refined with a view to entering into a new Part A Agreement. The negotiations, which proceeded through the end of the year and up to a few minutes before midnight on the night of January 19, 1977, resulted in a tentative draft agreement which was published in the Federal Register on January 28, 1977. The "tentative" agreement did not resolve the disputes between the parties. The preamble to the January 28, 1977, publication in the Federal Register clearly sets forth the major item of difference between the parties that had not been resolved by the negotiators.

"A major outstanding issue as to which the Department and NFIA did not reach tentative agreement concerns the effect of regulations and other directives issued by the Administrator on the obligations undertaken by NFIA under the Agreement.

HUD's position throughout the course of these negotiations has been that the Secretary has such regulatory authority over the insurance component of the program and NFIA as is necessary to provide continuing involvement in and supervision of NFIA. HUD maintains that, when agreement on an issue cannot be reached through consultation between the parties, final resolution rests with the Secretary, and the Secretary cannot enter into a contract under which the Secretary would voluntarily agree to contract away the powers of Government.

On the other hand, NFIA's position in the negotiations has been that, while it recognizes that the Secretary has oversight responsibilities under the Act, the relationship between NFIA and the Secretary is contractual in nature and the Secretary may not issue regulations or directives which unilaterally amend that contractual relationship or impose extraneous obligations on NFIA."

There were, on January 28, 1977, other significant issues still unresolved. Provisions

regarding contracting requirements applicable to NFIA with respect to operation of the Computer System remained unresolved. Whether the operation of the Computer System would be contracted out, and if so, what method of contracting would be used, were matters as to which the parties continued to disagree. The Department's position was that the Computer System should be operated by an independent firm rather than by NFIA to assure transferability of the Computer System to HUD or HUD's designee at all times. NFIA was of the view that the agreement between the Department and NFIA should not require NFIA to enter into such a contract, but should leave such determination to NFIA as a matter of business judgment, and that transferability of the Computer System could be assured without contracting the system out to a third party.

#### NEGOTIATIONS AFTER JANUARY 20, 1977

After this Administration took office, further negotiations were undertaken by HUD and NFIA in March, 1977, in an attempt to resolve the disputed issues and develop a new Part A Agreement. While these negotiations were in progress, the General Accounting Office, on March 21, 1977, issued a report on the NFIA's financial controls over its operations relating to the flood insurance program. That report found numerous weaknesses in NFIA's ability to generate accurate financial data. The report stated:

"Our review of the financial controls of the National Flood Insurance Program showed that NFIA has been unable to generate accurate financial and statistical data. As a result, it can neither produce its own financial statements nor supply FIA with the kind of data it needs to make program decisions, determine subsidy amounts and premium rates, or produce the financial statements for the program."

The findings in the GAO report made urgent successful resolution of the Department's assertion of its regulatory authority over the flood insurance program and emphasized the need for close scrutiny of HUD's financial controls over NFIA operations. However, even after that report was issued, NFIA was unwilling to accept HUD regulation of the insurance and budget aspects of the program. Therefore, in June, 1977, the Department published proposed regulations asserting its supervisory authority over the program.

In a response dated July 5, 1977, NFIA notified HUD of its intent not to renew the 1969 agreement and as a result, the 1969 agreement between HUD and the NFIA will end on December 31, 1977. The NFIA's letter of July 5, 1977, did, however, indicate a willingness to continue to negotiate and attempt to reach a new agreement. In response to that offer the Department once again renewed negotiations with the NFIA in late July.

However, on July 21, 1977, the Department issued a request for proposals (RFP) to operate the flood insurance program. Issuance of the RFP was essential to assure a continued capability to operate the program after December 31, 1977, if a new agreement with the NFIA could not be reached.

The RFP issued on July 21, 1977, included a statement of the work to be performed, the terms of the proposed contract covering that work, the cost plus fixed fee compensation arrangement contemplated, and the factors by which proposals would be judged. Interested offerors were required to submit their proposals by 5:00 p.m. September 23, in order to afford adequate time for evaluation, negotiations and selection. Offerors were free to submit proposals to operate under Part A or Part B of the Act. Selection factors did not weight the RFP towards any particular type of offeror. All offerors who could demonstrate their ability to carry out

the work program stood on an equal footing. While the RFP solicitation process was open and competitive, the post-proposal submission and pre-selection procedures left room for negotiation and for fine tuning of proposals and requirements in order to assure a viable and effective contract arrangement and contractor selection.

The renewed negotiations undertaken by HUD and NFIA in late July, 1977, were held to a strict timetable because of the need to determine quickly whether NFIA or a contractor selected pursuant to the July 21, 1977, request for proposals would be utilized by HUD in administering the flood insurance program after December 31, 1977. While substantial progress was made in these negotiations, they were ended on August 16, 1977, because of the inability of HUD and the NFIA to reach agreement on the issue of the Department's right to prior review and approval of NFIA's budget for operating expenses.

The Subcommittee on Housing and Community Development of the House Committee on Banking, Finance and Urban Affairs, concerned with the inability of HUD and NFIA to reach agreement for a contract to operate the flood insurance program under a Part A framework, held hearings on the matter on September 7 and 8, 1977. Witnesses representing HUD and NFIA testified and were closely questioned by members of the Committee as to the reasons for the parties' inability to agree. The members of the Committee at the Hearings made clear their preference for operating the flood insurance program under a Part A framework.

With the benefit of recommendations from interested members of the Committee, negotiations were renewed between HUD and NFIA. In these negotiations NFIA agreed to prior HUD review and approval of each line item, and of the total amount, of its annual operating expenses.

#### EFFECT OF THE REQUEST FOR PROPOSALS

When NFIA notified HUD, on July 5, 1977, of its intent to terminate its contract relationship with HUD, effective December 31, 1977, HUD issued a request for proposals (RFP) seeking to identify entities interested in replacing NFIA as the entity utilized by HUD in administering the flood insurance program. The RFP was modified a number of times during August and September, 1977. Finally, on September 23, 1977, the RFP produced two proposals from entities interested in replacing NFIA under a Part B arrangement. The interested proposers were Bradford National Corporation (Bradford) and EDS Federal Corporation (EDS).

In accordance with standard procurement practice, the Bradford and EDS proposals were then reviewed by a Source Evaluation Board consisting of HUD officials. On September 30, 1977, the Source Evaluation Board undertook oral discussions of the proposals with EDS and Bradford. The proposers' best and final offers were submitted on October 11, 1977, and considered by the Board on October 12, 1977. Thereafter, the Board recommended to the Source Selection Official (the HUD Under Secretary) that HUD enter into further negotiations with EDS only.

As a consequence of the RFP process and of the proposals submitted, we find that the cost to HUD of using NFIA under Part A of the Act during 1978 will be just under \$26 million while the cost to HUD of contracting with EDS to provide the same services will be just under \$11 million. Thus, a contract with NFIA for 1978 will be approximately 2½ times more costly to the government than a contract with EDS.

At the time of HUD's testimony before the Subcommittee on Housing and Community Development of the House Committee on Banking, Finance and Urban Affairs on September 8, 1977, we were unaware of a cost

divergence of such magnitude. EDS' original offer was submitted September 23, 1977, and its best and final offer was submitted October 11, 1977.

The attached Exhibit 1 compares the costs of doing business with NFIA during 1978 as against the costs of doing business with EDS for that same year. Please note the following points with respect to the data set forth in Exhibit 1.

(1) All figures shown in the EDS column were provided by EDS in its "best and final" offer submission.

(2) All figures shown in the NFIA column constituting its "Total General Expense" were provided to HUD by NFIA.

(3) The figures shown in the NFIA column for "Servicing Carriers," "Claims Adjusting" and "Total Other Federal Costs" are HUD estimates which were essentially confirmed by NFIA in an exchange of letters between HUD and NFIA dated October 19, 1977, and October 21, 1977, attached as Exhibit 2.

(4) The major differences in cost between the EDS and NFIA submissions fall into three major categories: decentralized policy and claims review—approximately \$8.3 million; NFIA allowance—approximately \$5.4 million; and State Premium Taxes—approximately \$3.5 million.

(a) *Decentralized Policy and Claims Review—\$8.3 Million.* The immediate operating expenses of EDS and NFIA (direct costs and overhead) are substantially equal. (See comparative figures next to the "Total General Expense" item.) However, note the marked difference in the item captioned "Total Operating Expense"—the amount for NFIA is almost twice the amount for EDS. This discrepancy results primarily from NFIA's decentralized method of performing policy and claims review functions under fee arrangements with Servicing Carriers which are, with few exceptions, members of NFIA. Indeed, the 15-member Executive Committee of NFIA, whose combined voting strength controls the 132-member NFIA, has been getting about three-fourths of the fees paid under these fee arrangements.

EDS proposes to carry out a centralized program of policy servicing and claims review which will not involve the payment of similar fees. The centralized method of performing policy and claims review functions will not affect the use of independent agents and claims adjusters who now provide services in the nearly 16,000 communities participating in the flood insurance program. It will, however, dispense with the 46 servicing locations NFIA now utilizes to perform policy and claims review.

(b) *NFIA Allowance—\$5.4 Million.* Under the terms of the existing contract with HUD and under the terms of the proposed contract which we have negotiated for 1978, NFIA receives an annual "operating allowance" equal to 5 percent of policyholder premiums. NFIA characterizes the operating allowance as a quid pro quo for an annual pledge by NFIA member companies of risk capital (approximately \$48 million) for the payment of extraordinary losses under the Flood Insurance Program. The operating allowance can be regarded as an annual premium paid by HUD to the insurance carriers participating in the Flood Insurance Program for extraordinary loss insurance coverage. The HUD annual premium rate is over 10 percent of the face amount of the NFIA members pledged risk capital. Moreover, when all the financial provisions of the draft contract which determine the extent of NFIA's liability in the event of catastrophic losses are taken into account, HUD's annual premium rate for that coverage climbs to 50 percent of NFIA's actual risk. Since the inception of the Flood Insurance Program, participating insurance carriers have not had to actually "pay out" on their

pledge of risk capital despite the occurrence of a number of significant flood disasters during that time period. Furthermore, during 1978, we would have to experience a flood disaster far exceeding anything which has occurred during the life of the Flood Insurance Program, in order for the participating insurance carriers to actually pay out anything in return for HUD's annual premium of \$5.4 million.

It is almost impossible to objectively assert the value to the Government of the "risk sharing" provided by the NFIA annual operating allowance. However, on the basis of the loss experience to date, the conclusion that the amount of the allowance is excessive, seems inescapable. By comparison to the 51 percent per annum "premium" implicit in the "operating allowance" required for a maximum risk exposure in 1978 of \$10.5 million, automobile liability insurance premiums run around one percent per year of the limit of liability of those policies. Premiums for true low exposure insurance, such as accidental death and disability coverage, are considerably less than premiums for automobile liability coverage. It is not unreasonable to assert that the premium rate for the extraordinary Flood Insurance Program risk coverage purchased by HUD through the NFIA allowance is more a function of lack of competition for this insurance business than of actual risk.

(c) *State Premium Taxes—\$3.5 Million.* The column for NFIA shows a cost in excess of \$3.5 million for the payment of State premium taxes. There is no counterpart cost figure in the EDS column. NFIA points out that like any other insurance company, it pays these taxes on flood insurance policies sold in accordance with requirements of State law and that this cost item "bears no relation to the efficiency of the contractor." For purposes of this report, this point can be admitted although we are not convinced that NFIA has achieved maximum efficiency in its State premium tax payments. We are absolutely certain, however, that payment of State premium taxes would not be required in connection with a Part B Government Program with industry assistance.

In summary, as a result of the RFP we have learned that the cost to HUD of doing business with NFIA during 1978 would exceed by approximately \$15 million the cost to HUD of doing business with EDS during that same year. The form of the services provided by NFIA and EDS is not identical (i.e., EDS will have a centralized operation, NFIA will have a somewhat more, but not fully, decentralized operation). The difference (if any) between providing services on a more decentralized basis plus the element of risk (if any) borne by NFIA constitutes the sum of the services provided by NFIA and not by EDS. It is very hard to ascribe any dollar value, either to the consumer who participates in the National Flood Insurance Program or the Government, of NFIA's decentralized operation plus its risk sharing. It is impossible for a reasonable person to conclude these two items are worth approximately \$15 million.

HUD's analysis of the EDS proposal for a centralized operation indicates that it offers great opportunity for more efficient service as well as cost savings. We would also emphasize here that such a centralized operation will not affect the use of independent agent and claims adjuster units as the fully decentralized link with the consumer. In fact, we believe those independent agent and

<sup>1</sup> If in 1978 a tidal wave swept from coast to coast, destroying every structure in the country, the NFIA maximum loss would be \$10,469,000. The NFIA charge to HUD for assuming this risk for 1978 is \$5,368,000, or 51 percent of their maximum loss exposure.

claims adjusters' units will be able to provide better consumer service when they are backed by the more efficient paper handling mechanism proposed by EDS.

The use of EDS will not increase the size of HUD staff.

#### PERTINENT FINDINGS

(1) A March 21, 1977, report by the General Accounting Office found numerous weaknesses in the ability of the Pool to generate accurate financial and statistical data. The Pool has not since the date of that report satisfactorily responded to the Department's requests that it submit evidence that it has improved its operations to eliminate or significantly ameliorate the problems identified by the Comptroller General.

(2) The Pool has, during its tenure under the agreement which established the relationship between it and the Government and enabled the flood insurance program to be implemented under Part A, refused to comply with the Secretary's interpretations of the scope of coverage of the Standard Flood Insurance Policy, basing its refusal upon the conflicting private sector interests of its members, and refused to competitively bid its service contracts.

(3) At the present time a contract to administer the National Flood Insurance Program under a Part A framework would be \$15 million higher for 1978 than a contract to administer the Program under a Part B framework. The amount by which the cost under a Part A framework will exceed the cost under a Part B framework will grow larger in succeeding years.

(4) Our analysis of the offers to participate under Part A and Part B frameworks reveals no advantages to the Government or to consumers who participate in the National Flood Insurance Program that would result from a decision to ignore the higher cost of a Part A framework.

#### EXTENT OF UTILIZATION OF INSURANCE INDUSTRY UNDER PART B

Our intention, in implementing a continuing program of national flood insurance under Part B of the Act, is to utilize private sector insurers, insurance agents and brokers, and insurance adjustment organizations to the maximum extent practicable in providing flood insurance coverage and adjusting claims under the program. Although a private sector fiscal agent-contractor will be utilized in place of a pooling arrangement, there will be no diminution in the use of insurance agents and brokers and insurance adjustment organizations whose relationships with the National Flood Insurance Program will not be affected in any material way by virtue of the transition from a pooling arrangement to a fiscal agent. All insurance agents and procedures manuals and forms presently utilized in the program, including the Standard Flood Insurance Policy, will continue to be utilized in much the same manner as these instruments are in use today to avoid any disruption in services being rendered by insurance organizations presently serving the program. There will be no change or even interruption in services provided to the program's policyholders. The consumer will not be adversely affected by the change to a Part B program.

#### RECOMMENDATIONS

(1) As presently written, the National Flood Insurance Act provides no guidance as to an appropriate rate of return on risk capital pledged by a Pool of insurers under a Part A framework. It is not feasible to develop competitive Pools of insurers willing to participate in the flood insurance program under a Part A framework. Absent the market constraints that would be imposed by a competitive situation, it is extremely difficult, solely through negotiation, to reach agreement on a reasonable rate of return on

pledged risk capital without some legislative assertion, of acceptable parameters. Experience gained from working under a Part A framework leads us to recommend that Congress consider establishing legislative guidelines for the return on pledged capital that insurers participating under a Part A framework should receive.

(2) Our experience working under a Part A framework leads us to recommend that Congress make explicit that the Federal Agency administering the flood insurance program under a Part A framework may, by

the proper exercise of regulatory authority, amend the provision of any contract with a Pool of Insurers participating in the flood insurance program so long as the increased costs caused by the proper exercise of regulatory authority is borne by the Government.

(3) Our experience working under a Part A framework leads us to recommend that Congress consider requiring that sub-contracts of the Pool of Insurers participating in the flood insurance program under a Part A framework be subject to Federal audit and competitive bid requirements.

NFIA BUDGET FOR FISCAL YEAR 1978—  
Continued

Travel .....	159,000
Printing .....	760,000
Map distribution .....	1,000,000
Telephone .....	200,000
Postage .....	819,000
Rent (space) .....	\$183,000
Advertising/P.R. ....	169,000
Furniture and equipment .....	252,000
Other .....	64,000

Total general expense .....	\$ 8,539,000
Servicing carriers .....	\$ 6,931,000
Claims adjusting .....	\$ 1,352,000

Total operating expense ..... 16,822,000

NFIA allowance .....	\$ 5,366,000
State premium taxes .....	\$ 3,500,000

Total other part A costs ..... 8,866,000

Total program costs ..... 26,688,000

- <sup>1</sup> Based on the NFIA Budget.
- <sup>2</sup> Projected based on \$8.75 per new policy and \$4.00 per renewal policy.
- <sup>3</sup> Projected based on \$45.00 per claim.
- <sup>4</sup> Projected based on 5 percent of premiums per present HUD/NFIA agreement.
- <sup>5</sup> NFIA estimate per letter dated Oct. 17, 1977.

OCTOBER 21, 1977.

By Messenger  
Edward W. Norton, Esq.,  
Deputy General Counsel, Department of  
Housing and Urban Development, 451-  
7th Street, S.W., Washington, D.C. 20410

DEAR BOB: This is in response to your letter of October 19, 1977. We are gratified that our negotiations are successfully concluded and that HUD finds acceptable the contract which was negotiated. We look forward to an early signing date.

As requested, NFIA has reviewed the budget and cost estimates appended to your letter. NFIA's comments thereon are enclosed. We trust you will include our explanatory notations in any Part A vs. Part B submission you make to the Secretary and to Congress.

We have also enclosed the form of servicing company contract which was agreed upon by use and Bill Cumming of your staff on August 6, 1977. This is the document referred to as Exhibit C in the new NFIA/HUD agreement.

Sincerely,

BOB GLEN ODLE.

Enclosures.

NATIONAL FLOOD INSURERS ASSOCIATION  
NFIA COMMENTS ON BUDGET AND COST ESTIMATES  
APPENDED TO OCTOBER 19, 1977 HUD LETTER  
TO HOGAN & HARTSON

OCTOBER 21, 1977.

1. HUD's Note A. The figure listed as "Total General Expense" is identical to operating cost figures previously submitted by NFIA. A copy of NFIA's Operating Budget for FY 1978 is attached.

2. HUD's Notes B and C. These items represent the payment of fees for policy processing and claims supervision in a fully decentralized, nationwide network of insurance companies. On the basis of assumptions apparently made by HUD, HUD's figures of \$6,931,000 for "servicing carriers" and \$1,352,000 for "claims adjusting" appear reasonable, with two caveats. First, because these fees are directly related to sales and claim activity, a significant upward or downward shift in sales volume or claims activity would materially affect the estimates. Second, under the terms of the new contract between NFIA and HUD, NFIA will be reviewing the structure of the current servicing network

EDS (centralized)			
	NFIA (1978)	Year 1	Year 2
Salaries <sup>1</sup> .....	\$2,652,000	\$4,112,061	\$4,230,027
Data processing <sup>2</sup> (development and operations) .....	2,117,000	508,268	513,989
Legal, audit, and consulting <sup>3</sup> .....	184,000	54,500	56,000
Travel <sup>4</sup> .....	159,000	370,520	208,882
Printing <sup>5</sup> .....	750,000	517,816	435,807
Map distribution <sup>6</sup> .....	1,000,000	448,720	538,464
Telephone <sup>7</sup> .....	200,000	129,100	142,440
Postage <sup>8</sup> .....	819,000	1,118,000	1,375,200
Rent (space) <sup>9</sup> .....	183,000	427,245	427,245
Advertising/public relations <sup>10</sup> .....	159,000	20,000	20,000
Furniture and equipment <sup>11</sup> .....	204,000	131,833	99,277
Other <sup>12</sup> .....	112,000	191,499	102,809
Corporate allocation and G&A .....		721,209	729,403
Taxes .....		199,644	179,836
Total general expense .....	8,539,000	8,951,315	9,059,439
Servicing carriers <sup>13</sup> .....	6,931,000		
Claims adjusting <sup>14</sup> .....	1,352,000		
Total operating expense .....	16,822,000	8,951,315	9,059,439
NFIA allowance <sup>15</sup> .....	5,366,000		
State premium taxes <sup>16</sup> .....	3,541,000		
Printing and marketing <sup>17</sup> .....		453,000	453,000
Transition <sup>18</sup> .....		660,000	
Fee <sup>19</sup> .....		895,132	905,944
Total other Federal costs .....	8,907,000	2,008,132	1,358,944
Total program costs .....	25,729,000	10,959,447	10,418,383

<sup>1</sup> NFIA salaries based on 170 staff-years. EDS salaries based on about 257 staff-years each year. EDS staffing reflects centralization of functions.

<sup>2</sup> NFIA budget includes \$867,000 for operations as compared to \$510,000 proposed by EDS. Difference is result of NFIA buying computer time in the commercial market while EDS is charging their internal rate. NFIA budget includes \$1,250,000 for systems development by outside consultants (Arthur Andersen). Effort will be performed by EDS with inhouse staff.

<sup>3</sup> NFIA is more dependent on purchasing services rather than using inhouse staff. NFIA figure includes audit costs. EDS figure does not, although it is included elsewhere.

<sup>4</sup> EDS operation has increased travel requirements as a result of centralization of operations and the need for contact with agents and the public in the field—\$178,000 of employee relocation costs included in EDS's first year.

<sup>5</sup> NFIA will be providing some forms to EDS which have been provided by NFIA. Increase in cost to NFIA is included at footnote 17.

<sup>6</sup> EDS included map postage expense of \$84,000 under postage. NFIA's total figure is based on historical experience plus an increase reflecting certain recent changes in map distribution requirements.

<sup>7</sup> NFIA budget included wats lines installed at 18 servicing carrier locations.

<sup>8</sup> EDS proposal included map distribution postage and "information" mailing to agents, policyholders, etc.

<sup>9</sup> NFIA presently leasing 20,400 ft<sup>2</sup> at about \$7.60/ft<sup>2</sup>. EDS proposing 39,000 square feet at \$10.50 per square foot.

<sup>10</sup> NFIA currently provides workshops and other marketing functions. EDS proposal provides staffing for these functions, but costs were excluded pending receipt of specific directions from NFIA. The cost of the marketing functions is included at footnote 17.

<sup>11</sup> NFIA budget includes \$50,000 for office supplies. Some of the costs included elsewhere in EDS proposal.

<sup>12</sup> \$111,000 of onetime, startup recruiting expenses included in EDS's first year.

<sup>13</sup> Projection based on \$8.75 per new policy and \$4 per renewal policy, with larger percentage of renewals as opposed to new policies.

<sup>14</sup> Projected based on \$45 per claim.

<sup>15</sup> Projected based on 5 pct of premiums for present HUD/NFIA agreement.

<sup>16</sup> Projected based on historical average of 3.3 pct of premiums.

<sup>17</sup> See footnotes 5 and 10 above.

<sup>18</sup> Includes onetime startup costs.

<sup>19</sup> Fixed fee based on 10 pct of EDA's costs.

BOB G. ODLE, Esq.,  
Hogan & Hartson,  
815 Connecticut Avenue, N.W.,  
Washington, D.C. 20006.

OCTOBER 19, 1977.

DEAR BOB: As you know, the Department intends to seek Congressional views of the form in which the flood insurance program is to be continued. The material which we received from Frank Nutter on those items which are not included in your proposed Exhibit A to the draft contract but are part of the overall cost to the Government of a Part A arrangement with NFIA, was helpful. However, the submission did not contain any dollar amounts or other breakdown for those items. Our estimates of those costs, based on our assumptions of policy volume and your organizational structure, are attached. Given the extremely tight time frame in which the Department is operating, we request that

you confirm or correct our estimates by noon Friday, October 21.

In informing the relevant committees of Congress of the status of the flood insurance program, we intend to state that NFIA has accommodated HUD's concern that HUD did not have appropriate prior control of expenses, as that issue was defined before the House Subcommittee at the September hearings.

Sincerely,

EDWARD W. NORTON,  
Deputy General Counsel.

Attachments.

NFIA BUDGET FOR FISCAL YEAR 1978

Salaries .....	\$ 2,652,000
Data processing (development and operations) .....	2,117,000
Legal, audit and consulting .....	184,000

and, during fiscal year 1978, begin to competitively relet all servicing company contracts. NFIA is unable to predict what the competitive selection process will produce.

3. HUD's Note D. The term "NFIA Allowance" for this item is a misnomer. HUD's figure of \$5,366,000 actually represents HUD's estimate of the maximum possible return to NFIA members for their capital commitment to the flood insurance loss exposure of the program based upon an assumed \$107 million in written premiums. Such an item should not be considered as a cost to the program. It is, in fact, a return on risk capital which may well be significantly below HUD's estimate. Program statistics demonstrate that member companies could possibly receive no return on pledged capital for 1978, but instead may be called upon to pay flood losses from their pledged capital. For this item to be appropriately considered as a cost to the program, it should be calculated over an extended number of years. Because of the nature of the risk capital, it is inappropriate to attempt to measure the amount of the item, if any, for any given year. The inclusion of such a figure in any estimate of total program costs may misrepresent the true costs of a Part A program, and fails to assess the potential for capital contribution.

4. HUD's Note E. The government does not share in the payment of state premium taxes. Although the payment of these taxes is a cost of doing business, they bear no relationship to the operating efficiency of NFIA's performance.

*National Flood Insurers Association  
budget operating costs—fiscal year Sep-  
tember 30, 1978*

[In thousands]

Salaries:		
Wages.....	\$2,210	-----
Benefits.....	442	\$2,652
Marketing, communications, media relations, research, and adverti- sing.....		150
Telephone.....		200
Rent.....		183
Postage and express.....		819
Printing.....		750
Travel.....		158
CLS subscription.....		24
Temporary agency hires.....		40
Office supplies:		
Supplies.....	50	-----
Reproduction.....	36	-----
Microfilming.....	68	-----
Equipment and furniture.....	50	-----
Other.....	48	252
Legal.....		24
Audit.....		80
Consulting.....		80
Data processing:		
Operations.....	867	-----
Development.....	1,250	2,117
Map distribution.....		1,000
Total.....		<u>8,539</u>

[FR Doc.77-32584 Filed 11-9-77;8:45 am]

THE WHITE HOUSE  
WASHINGTON

December 21, 1977

Jim McIntyre

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

PRESIDENTIAL APPEALS - LABOR, DOE

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
X		<del>LANCE</del> JM
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.



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

*C*

DEC 20 1977

MEMORANDUM FOR: THE PRESIDENT  
FROM: James T. McIntyre, Jr. *James T. McIntyre, Jr.*  
SUBJECT: Presidential Appeal, Department of Labor

Appeals Issues

	<u>Request</u>	<u>Allowance</u>	<u>Appeal</u>	<u>Recommen.</u>
1. Youth Employment Programs:				
a. 1978 Outlays	\$1,038M	\$641M	+ \$371M	+0
1979 BA	\$1,236M	\$731M	+ \$829M	+\$400M
1979 Outlays	\$1,678M	\$1,111M	+ \$400M	+\$250M
Program Structure	Separate	Fold-in	Separate	Separate
b. 1979 FTP	631	420	+211	+92
2. Welfare Reform Demonstrations:				
1979 BA and Outlays	---	\$200M	+\$235M	+0
Timing	---	after Welfare Reform passes	now	now
3. Employment Security Automation:				
1978 Outlays	\$81M	\$30M	+\$51M	+0
1979 Outlays	\$68M	\$40M	(+\$28M)	+0
4. Local Area Unemployment Data:				
1979 Outlays	\$20M	\$6M	+\$14M	+0
1979 FTP	215	76	+139M	+0
Program Structure	monthly	quarterly	monthly	quarterly

Comments:

1. a. The recommendation reflects the consensus at the meeting. Program design will be worked out by OMB, DPS, and DOL.

Agree  Other

- b. The increased staffing suggested by OMB is suggested.

Agree  Other

2. The recommendation reflects the consensus at the meeting.

Agree  Other

3. The initial allowance is recommended.

Agree  Other

4. The initial allowance is recommended.

Agree  Other

*ok*  
*J*



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

*Jim J*

DEC 20 1977

ACTION

MEMORANDUM FOR: THE PRESIDENT  
 FROM: James T. McIntyre *Jim McIntyre*  
 SUBJECT: Presidential Appeal, Department of Energy

In the appeal session with Secretary Schlesinger you addressed four issues relating to the Department of Energy's FY 1979 Budget. You deferred making a decision on the following issues:

	<u>Request</u>	<u>Allowance</u>	<u>Appeal</u>	<u>OMB Rec.</u>
Appeal Issues--Undecided (FY 1979 Impact, BA in millions of \$)				
1. Strategic Petroleum Reserve	\$ 261	10	+251	-0-
2. Light Water Breeder Reactor	69	53	+ 16	+10

Comments

- The \$251 million requested in appeal to retain the option of completing a second 500 million barrels by 1983.

Agree to Deferral \_\_\_\_\_ Put \$251 M in 1979 Budget \_\_\_\_\_

*Jim go with 3rd 250 MM component. Work out min. amount needed*

- OMB recommendation is not to accelerate the advanced light water breeder activities aimed at developing commercial applications of the light water breeder concept but fund all equipment needs for the proof of breeding concept.

OMB Recommendation  \_\_\_\_\_

DOE Appeal \_\_\_\_\_

*Talk to Hickover - Give him some flexibility within total \$.*

*1. I think it's better to have continuing development of capacity - not a blank in FY79.*

FILL SCHEDULE FOR THIRD 250 MMB STARTING IN 1979 AND FOURTH 250 MMB STARTING IN 1980

