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MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: FEDERAL FIELD STRUCTURE REFORM

1-1

On August 30, President Reagan signed a memorandum directing you to assess your organization's field structure and to implement improvements. That directive, copy of which is attached, followed a review of the Federal field structure, conducted for the Cabinet Council on Management and Administration (CCMA) by an interagency Working Group which I chaired.

One of the principal findings of the review is that some Executive departments and agencies have vigorously implemented actions both in the headquarters and the field to reduce the size and cost of running the Government to correspond with the programmatic changes which have taken place during the first two years of the Administration.

At the same time, the Working Group found that opportunities exist for further streamlining, and proposed that the top management of the agencies undertake a comprehensive assessment of their field structure and report to the CCMA by October 31. These assessments should include, but not be limited to, a general review and agency initiatives to:

- (1) Reduce organizational layers between headquarters and the field;
- (2) Eliminate unnecessary offices;
- (3) Consolidate administrative support services;
- (4) Collocate field offices;
- (5) Improve supervisory/employee ratios;
- (6) Use third parties to provide services, e.g. State and local governments and the private sector.

All initiatives should include their implementation timetables, estimated savings, and an analysis of whether OMB or Congressional action is required to achieve the savings in a timely manner. Because of the interest in field structure, OMB has indicated that this is an item that will be addressed in the formulation of the FY 1985 budget.

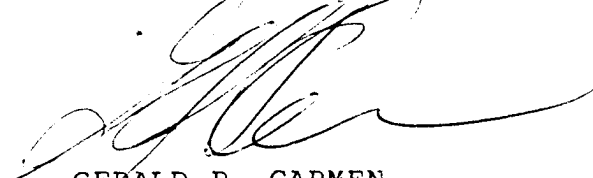
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To assist in this important task, the Working Group is making available to you a copy of our report which contains additional criteria that may be helpful in the preparation of your agency's response.

We will be assembling a task force to work with you and your staff on your assessments. Your reports should be submitted to the CCMA and marked for my attention as Working Group Chairman. Any questions regarding this matter should be referred to Tom Simon (523-1614), Director of Management Initiatives at GSA.

I look forward to assisting you in carrying out this important Presidential mandate.



GERALD P. CARMEN
Chairman
Federal Field Structure Working Group

31 Oct 82 deadline

THE WHITE HOUSE
WASHINGTON

August 30, 1983

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Federal Field Structure Reform

During the past two and a half years this Administration has made a number of changes in the organization, programs and regulatory activities of the Federal government. Through block grants and decreased imposition of regulations on State and local governments we have lessened the Federal role in programs which have been traditionally administered by other levels of government. In addition, we have decreased the regulatory burden on the private sector.

The successful completion of these changes should dramatically reduce the need for personnel and organizational elements in departmental and agency field structures and, in turn, require less administrative and supervisory functions at headquarters.

Accordingly, you are hereby directed to immediately assess your organization's field structure and to implement changes to streamline field programs, administrative support activities, and, as appropriate, your headquarters staff. This effort will continue to be reviewed by the Working Group on Federal Field Structure Reform under the direction of the Cabinet Council on Management and Administration.

The following objectives and guidelines should govern the planning and reductions in your field structure:

- 1) Elimination of duplication and redundancy in the delivery of necessary program services.
- 2) Elimination of unnecessary overhead and layers of management via the consolidation of administrative support functions.
- 3) Maximum efficient use of existing personnel and property resources.

- 4) Delivery of services, wherever possible, solely by State and local governments without Federal government intervention.
- 5) Elimination of regional, area and local offices where primary contact is directly between State/local governments and the headquarters of your department or agency.

Ronald Reagan

CABINET COUNCIL ON MANAGEMENT AND ADMINISTRATION

Report of the
Federal Field Structure Working Group

Report of the
Federal Field Structure Working Group
to the
Cabinet Council on Management and Administration



General
Services
Administration Washington, DC 20405

August 29, 1983

Honorable Edwin Meese III
Counsellor to the President
The White House
Washington, D.C. 20500

Dear Mr. Meese:

I am pleased to submit the final report of the Federal Field Structure Working Group which was established by the Cabinet Council on Management and Administration.

The Working Group conducted a substantial review of the field activities of the Federal government, with a view toward enhancing service delivery while reducing costs. We believe that improved federal field structure could become one of the cornerstones in the foundation of New Federalism.

We hope that the information and recommendations we are providing in this report will assist you and the President in accomplishing the goal of better government. We look forward to providing whatever additional assistance is appropriate as you proceed with implementation.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gerald P. Carmen".

GERALD P. CARMEN
Chairman
Federal Field Structure Working Group

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Report of the Federal Field Structure Working Group

EXECUTIVE SUMMARY

On March 10, 1983, the Cabinet Council on Management and Administration (CCMA) established a Federal Field Structure Working Group, with the following membership:

Gerald P. Carmen, Administrator, GSA - Chairman

Richard E. Lyng, Deputy Secretary, USDA

Darrel M. Trent, Deputy Secretary, DOT

Gary L. Jones, Undersecretary EDUC

J. J. Simmons III, Undersecretary, DOI

John A. Svahn, Undersecretary, HHS

Donald J. Devine, Director, OPM

Joseph R. Wright, Deputy Director, OMB

Martha Hesse, Assistant Secretary for Management, DOE

Arlene Triplett, Assistant Secretary for Administration, DOC

The purpose of the Working Group was to review the policies legislation, current practices, structure and resources of Federal activities in the field (all activities outside the Washington, D.C. metropolitan area); and to develop a set of recommendations within 60 days to improve the delivery of services and reduce the cost of field activities. The review focused on organizational redundancy, overhead costs and the increased use of new technology. Specific agency program operations were not reviewed. The top 15 agencies with the largest field activities (except USPS and DOD) were subjects of the review.

Three interagency sub-groups were created to carry out this review:

- o Common Administrative Services, chaired by Arlene Triplett, Assistant Secretary for Administration, Department of Commerce; and
- o Field Structure Policy, chaired by James Kelly, Deputy Associate Director for Management Reform, OMB.
- o Organization and Staffing, chaired by Charles S. Davis III, Associate Administrator for Policy and Management Systems, GSA;

The subgroups performed the review activities in their assigned areas and developed the final recommendations of the Working Group which were presented to the CCMA on May 12 and to the President on June 20, 1983, by the GSA Administrator.

The individual subgroup reports contain the detailed findings, conclusions and recommendations of this review; and they are incorporated into this report in their entirety.

Based on formal agency presentations to the Working Group, interviews with top agency officials; and on data collected directly from agencies, from the Office of Personnel Management, and from the Office of Management and Budget; the Working Group found that some Federal agencies have already made substantial progress in improving service delivery and reducing the cost of their field operations.

The progress that has already been made by this Administration is reflected by the following facts:

- o Federal field employment on September 30, 1980 was 933,000 and was costing the American taxpayers \$28 billion annually.
- o By October 1, 1982, the field employment level had been reduced by 60,000 for a savings of \$1.8 billion.
- o The Fiscal Year 1984 budget projections include an additional reduction of 60,000 in field employment levels for additional savings.

Although much progress has been made, the findings from the Working Group review suggest that opportunities exist for further improvements in service delivery and reductions in the size and cost of the Federal field structure.

- o Most organizations studied have 3 or more organization layers (some have as many as 5 or 6), but comparable private sector organizations tend to have no more than 3.
- o One out of every 4 field employees is providing administrative support services.
- o The span of control in the agencies, expressed as a supervisor-to-employee ratio varies from a high of 9.5 to a low of 3.5.

The Working Group recommended that an Executive Order or other appropriate Presidential-level directive be issued to emphasize the President's interest in this area and to set forth a requirement that executive branch department and agency heads assess their agency's field structure in line with the Working Group's recommendations, to meet the following goals:

- o Streamlined, efficient delivery of program and support services;
- o Elimination of unnecessary management layers, redundant offices and top-heavy administrative overhead;
- o Delivery of programs by State and local governments or the private sector, whenever possible and cost-effective;
- o Maximum utilization of existing personnel, buildings, personal property, and support services;
- o Business-like practices and adherence to sound management principles; and
- o Responsiveness to duly established policies and priorities.

The Chairman of the Cabinet Council on Management and Administration should further direct that the heads of all departments and those independent agencies with the largest field structures report the results of their assessments, to include actions taken and planned actions, to the CCMA.

The CCMA, with the assistance of the Working Group, will review the agency reports, prepare a summary of actions taken and planned by the agencies, and make recommendations to the President.

The Working Group will continue to monitor and report to the CCMA the progress by the agencies toward the accomplishment of the objectives set forth in the Directive.

STUDY OF FEDERAL FIELD ORGANIZATION AND STAFFING

REPORT TO

FEDERAL FIELD STRUCTURE WORKING GROUP

MAY 1983

Organization and Staffing Review Sub-Group

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EXECUTIVE SUMMARY

This report was prepared by the Organization and Staffing Review Sub-group of the Federal Field Structure Working Group. The Working Group was established in response to a request by the Cabinet Council on Management and Administration (CCMA) to conduct a 60 day study to provide background information and action alternatives for the reduction of costs and the improvement of service delivery by Federal field offices and installations. The Sub-group was tasked with providing such background information and action alternatives in the specific areas of field organizational structures and staffing.

Based on 15 agency presentations by and interviews with top managers, and on data collected directly from agencies, from the Office of Personnel Management, and from the Office of Management and Budget, the Sub-group has detailed how some Federal agencies have streamlined and consolidated operations, colocated activities and offices in the field, used third party delivery systems, and thus improved the efficiency of their field operations. These examples suggest opportunities for other agencies to similarly reduce the size and cost of their field structures and to improve service delivery. However, such agency efforts also encountered constraints imposed by outside influences. Examples of these constraints have been collected by the Sub-group and are described in this report.

An analysis of the opportunities and constraints has led to the conclusion that the potential exists for greater improvements and savings. Accordingly, the following recommendations are made:

1. Each agency head shall review the agency field structure against the criteria of efficiency and effectiveness and submit a report to CCMA by September 15, 1983. This review shall consider:
 - a) Elimination of non-essential functions and layers of management supervision and organization;
 - b) Use of third party service delivery systems: state and local governments, other Federal agencies and private organization systems;
 - c) Consolidation and colocation of activities and offices in order to maintain the absolute minimum number of intermediate offices essential for program direction and control;
 - d) Increasing the number of employees supervised by each supervisor (supervisory ratios); and
 - e) Possible imposition of user fees.

2. The Executive Branch should undertake a concerted effort to reduce legislative involvement in management decisions -- specifically, limitations in management flexibility to organize field structure and staffing for the effective and efficient delivery of services.

The Sub-group also recommends the use of certain high-level motivators to assure implementation of the proposed recommendations:

1. Issuance of an Executive Order enunciating Administration policy goals with regard to Federal field structure;
2. Issuance of a Presidential Directive to the heads of Executive Agencies directing the review of field structures, as specified in the Sub-group recommendations described above;
3. Establishment of a committee by the CCMA to identify potential areas for savings through the use of third party service delivery; and
4. Discussion of field structure initiatives with appropriate Congressional leaders.

I. INTRODUCTION

The Cabinet Council on Management and Administration (CCMA) requested a 60 day study to provide background information and action alternatives for cost reductions and the improvement of service delivery by Federal field offices and installations. In response to that request this report was prepared by the Organization and Staffing Review Sub-group of the Federal Field Structure Working Group. The report focuses on background information and action alternatives in the specific areas of field organizational structures and staffing.

The study used Office of Personnel Management (OPM) information on employment, supervisory ratios and Federal field concentrations as well as data provided directly by 13 Executive Agencies.

The study addresses the complexity of the efficient management of Federal agencies in terms of the definition and documentation of constraints as well as opportunities for cost effective changes. In this context, the Sub-group found that effective motivators to positive change in these major public sector organizations are complex and difficult to define. However, the Sub-group members determined that various actions can be taken by the Executive Agencies to streamline field organizational structure, improve service to the public, and reduce costs.

Members of the Organization and Staffing Review Sub-group are listed in Appendix A.

This report recommends Presidential leadership in fostering reduction of the Federal field structure based on sound management guidelines. The Sub-group believes that it would be beneficial for Agency heads to conduct in-depth analyses of opportunities for streamlining agency field structure, justify improvements based on specific criteria, and act toward the implementation of management improvements within their organizations.

Fundamental changes are taking place in the scope and function of Federal government policies and programs. Initiatives associated with the "New Federalism" concept concentrate on less direct Federal involvement and greater responsibility in the hands of state and local governments. The redirection of resources toward state and local governments should result in a reduction in the size of the Federal government of the future. Realization of this shift in the development of the Federal government directs our attention to how the Federal government can change and what results we can expect from those changes.

The heads of Executive Agencies are, in many cases, operating with a Federal field structure which was established according to 1950's and 1960's service requirements or by political preference, and not necessarily in accordance with sound management principles or program requirements. The focus of the Organization and Staffing Review Sub-group is directed toward eliminating non-essential activities, improving the effectiveness of program delivery to the customer, and improving the efficiency of field operations.

II. METHODOLOGY

A. General

The Sub-group staff collected and analyzed information on the personnel, resources and organizational structure of the field activities of 18 major civilian agencies based on data from the Office of Personnel Management (OPM) and the Office of Management and Budget (OMB) as well as interviews with executives of agencies involved in the study. The information about field structure and operations was developed from briefings by managers of certain key agencies (Agriculture, Commerce, Health and Human Services, Housing and Urban Development, Interior, and Transportation), visits by the Sub-group members and staff to other agencies, and material provided by agencies in response to a questionnaire. Pertinent information from the call for data can be found in Appendix B.

In addition to the above information, the Sub-group has developed several specific case studies (see Appendix C) that demonstrate how some Federal agencies have streamlined and consolidated operations, colocated in the field, used third party delivery systems and improved the efficiency of their field operations.

After in-depth research of agency experience and prior studies, and with the application of sound management principles, the Sub-group developed alternatives for streamlining agency field activities, organizations and resource levels. These alternatives have been included in Section IV of the report, "Recommendations."

B. Presentations to the Working Group

The Departments of Agriculture, Commerce, Housing and Urban Development, Health and Human Services, Interior, and Transportation made oral and written presentations to the Working Group. The presentations provided up to date information on:

- 1) Clientele,
- 2) Effects of budget reductions in the past and future,
- 3) Line and staff authority,
- 4) Plans for organizational changes,
- 5) Specific progress of field structure reductions,
- 6) Organization of the departmental field structure (number of layers and offices, functions of each layer), and
- 7) Departmental approach or philosophy toward field organization and reduction.

Major Agencies which did not make presentations to the Working Group provided similar information through personal interviews with their top management. They also supplied written information in response to the key issues covered by the presentations.

C. Data Collection

The Common Administrative Services Sub-group assisted this Sub-group by coordinating an agency data call to gather specifics on present numbers of management layers and offices and personnel associated with the major 13 Agencies. This made comparisons of organizational layering and headquarters versus field structure possible.

The Office of Personnel Management (OPM) provided the following computerized data:

- 1) Numbers of personnel on board for major agencies by
 - a) Fiscal Years ending 1976, 1980 and 1982;
 - b) State;
 - c) Major organizational component (i.e., bureau, operating administration); and
 - d) Major Standard Metropolitan Statistical Area (SMSA).
The SMSA data shows concentrations of Federal field employment by major cities. Comparisons of the data were conducted to demonstrate the diversity of the Federal regional structure, particularly deviation from the standard 10 region organization;
- 2) Staffing concentrations among agencies;
- 3) Headquarters to field employment ratios;
- 4) Supervisor/employee staffing ratios; and,
- 5) Logical concentrations of Federal presence which Executive branch top management may wish to foster.

D. Case Studies

Members of the Sub-group provided specific examples of organizational changes accomplished within their field structures for reasons of economy, service delivery improvement, consolidation or streamlining. These case studies are presented in Appendix C. They were requested as examples of opportunities for positive management changes which could be applied to other Executive Agencies.

The studies are grouped according to the managerial changes made. These groupings focus on: 1) structural change to improve service delivery, 2) consolidation or colocation of offices, 3) utilization of third party delivery systems, 4) reduction of supervisory and/or management layers, 5) elimination of offices, 6) standardization of operational structures, and 7) utilization of new and existing technology.

E. Presentation to the Working Group and the Cabinet Council

The Sub-group presented its findings and recommendations to the Federal Field Structure Working Group. Information from this presentation was then combined with recommendations and findings of the Common Administrative Services and the Policy Review Sub-groups for presentation to the President's Cabinet Council on Management and Administration (CCMA). The presentation to the CCMA is intended to focus on what actions the President and the Executive Branch can take to foster the three objectives of this study: 1) reduce costs, 2) improve service delivery and, 3) streamline field structures.

III. FINDINGS: OPPORTUNITIES AND CONSTRAINTS

A. Opportunities:

In response to budget reductions and other pressures, many agencies have already taken specific and limited action to streamline their field structures. The overall reductions that agencies have achieved are shown in Tables 3 and 6 in Appendix B. These tables are based on figures from two separate data bases and confirm, by the fact that the patterns are the same, that agencies have effected substantial reductions from 1980 to 1982. Based on agency examples and data, the findings of the Sub-group are that substantial opportunities exist in virtually all agencies for additional action.

1. Elimination of Non-Essential Layers of Management and Supervision.

Agency field structures vary widely, even within similar mission categories, with respect to the number of regions and intermediate layers of management and supervision between points of service delivery and the headquarters (see Figures 1 and 2). Some agencies have taken action in recent years to eliminate unnecessary management layers in their field activities and have achieved meaningful savings. The following examples suggest the possibility of opportunities for other agencies to similarly reduce management and supervisory layers in their field organizations.

a) Department of Justice

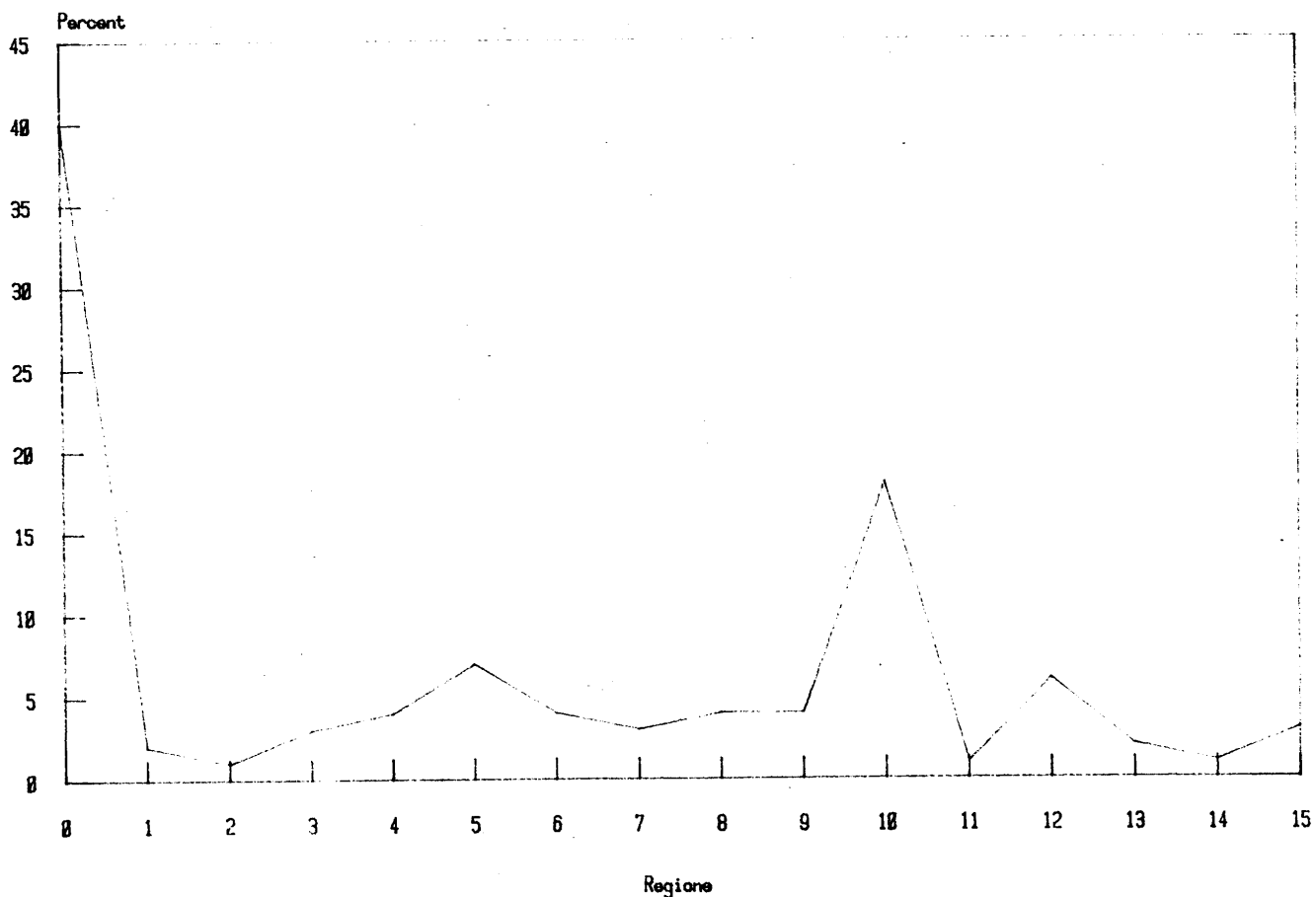
In 1982, the Drug Enforcement Administration (DEA) adopted the successful Federal Bureau of Investigation (FBI) structure of centralized program control with no intermediate layers between its headquarters and field offices through abolishment of the five DEA regional offices. This action centralized program direction and administrative support, and enhanced operating efficiency, thus improving coordination of law enforcement operations between DEA and the FBI.

Benefits included the elimination of 300 positions, policy standardization, the establishment of direct reporting relationships between the headquarters and field offices, and improvement in accountability for administrative and reporting functions.

b) Department of the Interior

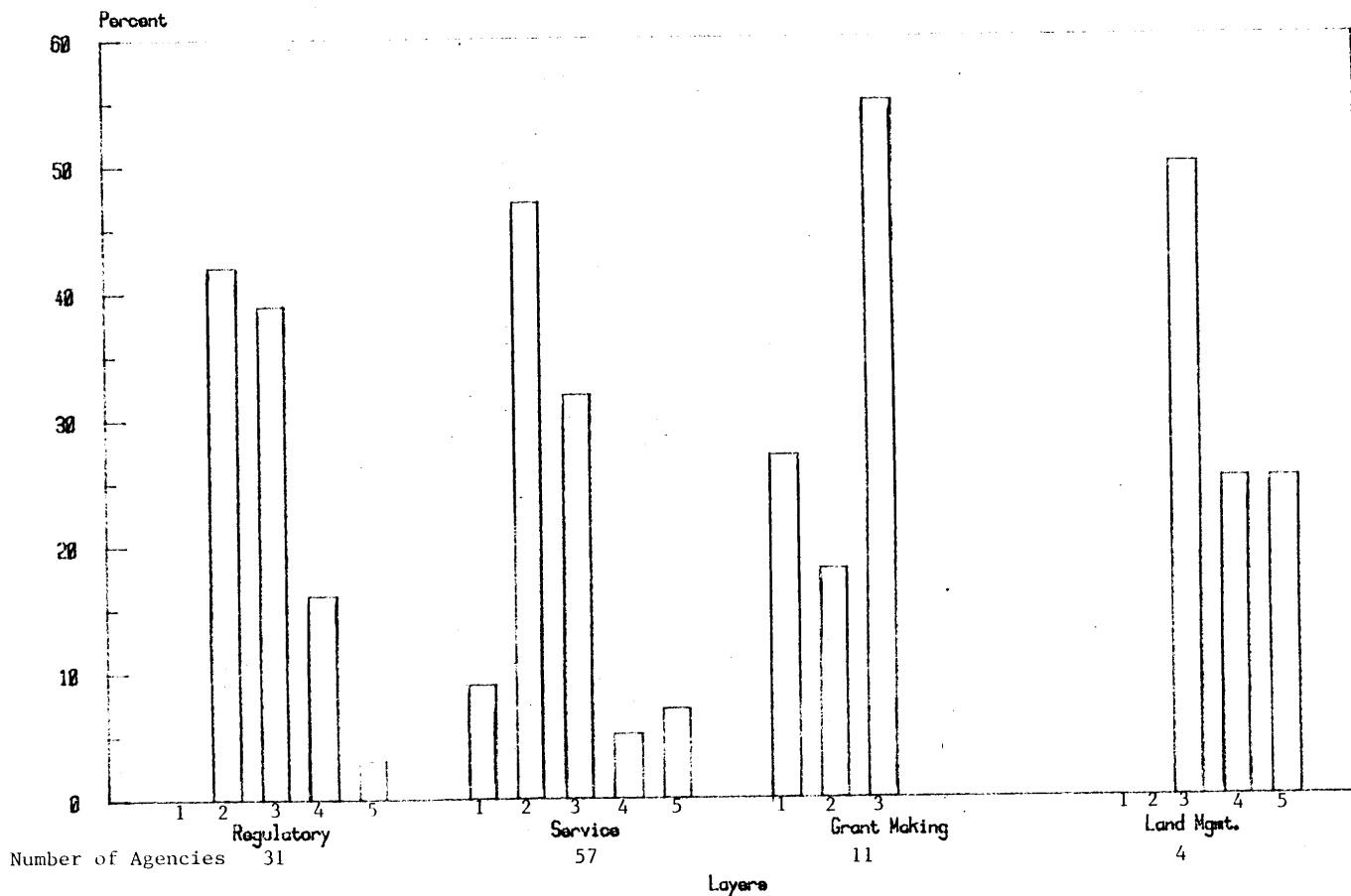
The Fish and Wildlife Service (FWS) eliminated a management layer by phasing out all 18 area offices and placing those functions in the regional and field offices. This action was taken to shorten the chain of command from headquarters and regional offices to field installations and to increase operational responsibility and accountability.

NUMBER OF REGIONS For 183 Agency Components



Source: Agency Data, 5/19/83 and 7/83 (see Table 1, Appendix A)

NUMBER OF ORGANIZATIONAL LAYERS



Source: Agency Data, 5/19/83 and 7/83 (see Table 2, Appendix A)

2. Utilization of Third Party Delivery Systems.

Several agencies are using third party systems, i.e., state and local governments, other Federal agencies and/or the private sector, for service delivery. Opportunities exist for increased use of this approach to reduce costs and improve service delivery. Examples of third party delivery systems are:

a) Department of Health and Human Services

The Health Care Financing Administration delivers Medicare services through private contractors and provides enrollment services and information to clients and the public through Social Security Administration offices.

b) Department of Housing and Urban Development

Housing and Urban Development (HUD) is in the process of training HUD approved lending institutions to underwrite Federal Housing Administration loans and to close such loans without prior HUD review. The program is expected to begin in June 1983.

c) Small Business Administration

The Small Business Administration is experimenting with the use of commercial banks to process loan guarantees to small business entrepreneurs.

d) Department of Agriculture

The Federal Crop Insurance Corporation was able to close 150 county offices as a result of the implementation of the 1980 Federal Crop Insurance Act, which provided for a shift to a new sales delivery system that includes using the private insurance sector to deliver the program.

e) Department of the Interior

The Bureau of Indian Affairs has transferred 17 day schools to the State of Alaska over the past two years resulting in savings of over \$5.9 million. While this is fundamentally a transfer of function, it represents an opportunity for third party delivery of a service.

f) Department of the Interior

The Office of Surface Mining has transferred major mined land inspection authority to coal mining states with approved programs thereby enabling the states to assume a greater role in the implementation of the Surface Mining and Reclamation Act.

g) Department of Transportation

The Maritime Administration transferred the operation of its radar schools to non-Federal organizations. Dollar benefits include the savings of salaries and benefits, and other operating and replacement costs. These savings represent an estimated \$875,000 annually.

3. Elimination of Offices and Utilization of New or Existing Technology.

Certain programs, organizations, and/or offices in some agencies have been eliminated based on changes in mission or customer requirements and/or use of new or existing technology. The following examples suggest possible opportunities for similar reductions in other agencies:

a) Department of the Treasury

Treasury was able to close its New York Assay Office by contracting out the assay office function.

b) Department of the Interior

The Heritage Conservation and Recreation Service was abolished and its functions incorporated into the National Park Service. This action eliminated overlapping, duplicative and parallel efforts, and achieved economies in the utilization of funds, personnel and equipment.

c) Department of the Interior

The Fish and Wildlife Service is closing 20 of 89 fish hatcheries in FY 83. This will reduce duplication of state and Federal activities by closing those hatcheries contributing more than half of their production to waters owned and managed by states.

d) Department of Agriculture

The Federal Grain Inspection Service was able to eliminate five regional offices and six subordinate field offices. All of the local field offices now come under the direct line authority of the headquarters. This action was taken as a result of the implementation of a change in the Federal Grain Standards Act which provided for the assessment of user fees for inspection services. It was essential that costs be minimized so that user fees could be set at a reasonable level.

e) The Federal Aviation Administration has begun to automate an increased number of its air traffic control functions. The costs are primarily for new data systems (hardware and software), and the benefit will be improved productivity. The savings are the result of a combination of office overhead reduction as well as automation, and are estimated to be 170 positions in 1984, 1900 positions between 1986-1992, and 2500 positions between 1992-2000.

f) Department of Health and Human Services

The Health Care Financing Administration uses weekly teleconferencing to improve communications with regional personnel. This has increased management participation and the exchange of information between the headquarters and the field and has saved travel costs of \$129,000.

4. Consolidation.

Several agencies have consolidated regional and other intermediate field offices in recent years, with significant savings. Other agencies are considering or have considered, consolidation of intermediate field offices. Opportunities exist for further consolidations. Examples of such consolidations are:

a) Department of the Treasury

The Office of the Comptroller of the Currency reduced its field structure from 12 to 6 regions with an estimated annual savings of \$2.4 million, and the elimination of 80 administrative support positions.

b) Department of the Treasury

The U.S. Customs Service reduced the number of its regions from 9 to 7 with an estimated \$6 million in annual savings and the elimination of 192 mostly administrative support positions.

c) Department of Transportation

The Federal Aviation Administration reduced the number of its regions from 11 to 9 with an estimated annual savings of \$4.9 million and the elimination of 150 positions.

d) Consumer Product Safety Commission

The Consumer Product Safety Commission reduced the number of its regions from 10 to 5 with an estimated \$1.1 million in annual savings and the elimination of 110 positions.

e) Department of the Interior

The Office of Surface Mining reduced the number of its field offices from 42 to 22 and subsequently reduced its authorized field positions by 344. The reduction was made possible by consolidating or eliminating field organizations as a result of the lessening role of the Federal government.

f) Department of the Interior

The Office of the Solicitor reorganized its field structure in March 1983 to improve its use of resources. The reorganization will result in opening one field office and closing six field offices.

g) Department of the Interior

The Fish and Wildlife Service law enforcement districts were reduced in number from 13 to 7 in FY 82. This was accomplished to make district geographic areas coincident with regional boundaries. The benefits are principally in the areas of improved supervision and coordination.

h) Department of the Interior

The Bureau of Land Management (BLM) is responsible for functions relating to leasing of onshore minerals formerly conducted by the Geological Survey. This consolidates in BLM not just mineral leasing functions, but all functions vital to the successful multiple-use management of public lands. As a result, BLM has been able to improve efficiencies in the field organization by, among other actions, the closure of eight offices.

i) Department of Transportation

The Maritime Administration (MARAD) achieved annual savings of \$1.35 million by consolidating or centralizing various offices and activities. MARAD consolidated the functions of its Western Region Area Offices, centralized ship operations activities, reorganized and consolidated deputy regional director functions, and centralized its administrative activities.

5. Proximity of Geographic Location.

The Federal government currently has significant capital assets, real and personal, in geographic areas where there is a large Federal population. The majority of Federal civilian employees are located within the top 30 Standard Metropolitan Statistical Areas (SMSA's). These 30 SMSA's include Washington, D.C., and the ten Standard Federal Regional Cities. The distribution for September 1982 is as follows:

<u>Geographic location</u>	<u>Number of Civilian Federal Employees</u>	<u>Percentage</u>
Headquarters:		
Washington, D.C., SMSA	295,642	17%
Field:		
Ten ten Standard Federal Regional Cities	299,264	18%
Top 19 SMSA's other than the 10 Standard Regional Cities and the Washington, D.C. SMSA	442,501	26%
SUBTOTAL (Top 29 SMSA's excluding Washington, D.C.)	738,143	44%
SMSA's other than the top 30 SMSA's	672,522	39%
TOTAL (Field)	1,410,665	83%
GRAND TOTAL	1,709,929	100%

Please note: Not all Civilian Federal employees are located in SMSA's. Background data for this table is detailed in Table 5 of Appendix B.

6. Colocation.

Federal agencies appear to be delivering services to similar clientele from different locations in the same geographic area. Opportunities exist for grouping agency and program points of delivery in close proximity for improved convenience to clientele and more efficient service delivery. In this context the following definitions have been used:

- Client/Clientele: End user of service provided (e.g., welfare recipient, farmer, small businessperson)
- Point of Service: last point for direct Federal involvement (client or third party delivery agency, i.e., state, private contractor, mortgage bank).

An example of successful colocation by an agency is:

a) Department of Agriculture

The Department of Agriculture (USDA) has been collocating county offices since 1962. The primary focus of this colocation has been on USDA's five major farmer oriented agencies: Agricultural Stabilization and Conservation Service, Soil Conservation Service, Farmers Home Administration, Federal Crop Insurance Corporation, and Cooperative Extension Service. The Department had achieved the colocation of 1914 county offices out of 3017 total county offices in 1982. The President's Private Sector Survey on Cost Control, "Task Force Report on the Department of Agriculture", April 15, 1983, estimates that further colocation could result in an estimated savings of \$194 million over the next 3 years.

7. Supervisory Ratios

Supervisory ratios, i.e. the number of employees supervised by each supervisor, vary widely from agency to agency. Data collected on these ratios for the 18 agencies surveyed are found in Table 4 in Appendix B. If two branches, each headed by a supervisor, are combined into one branch with one supervisor responsible for the employees in both former branches, there will be a savings of one supervisory position. If this principle is applied in a general way, there may be opportunities to increase supervisory ratios and thereby decrease the cost of field organizational structures.

B. Constraints and Considerations

1. General Constraints and Considerations.

Federal field consolidations and streamlining actions cannot take place in a vacuum. There are important considerations that affect reorganizations that must be addressed during the early stages of fact-finding and analysis. One area that requires early analysis is that of constraints placed upon agencies when they are planning field reorganizations. Following are the most pertinent general areas that should be considered:

- a) Congressional - The Congress has the authority to create, abolish, reorganize and fund Federal agencies. In doing this they have the opportunity to restrict, broaden or redefine an agency's authority to consolidate or streamline field organizations. Therefore, proactive discussions and negotiations with the Congress should be conducted on any proposed reorganization effort in order to mitigate any constraints they can impose on agencies.
- b) Budgetary - The costs associated with field reorganizations must be considered and planned for before implementation so that they do not become a constraint. Field reorganizations can become expensive during the implementation stages due to relocation costs, retraining costs, new office space, severance costs, etc. Efforts should be made to minimize these costs, e.g., reassign personnel to existing local field offices rather than relocate them.
- c) General Regulations - While there is no comprehensive legislation that requires field structures to be established or relocated at a specific site, there are government-wide regulations that deal with field reorganizations generally:
 - OMB Circular A-105, which provides broad guidelines and directives for Federal regions;
 - Executive Order 12072, which directs the Federal use of space in urban areas; and
 - The Rural Development Act, which gives first priority to locations of new offices and other facilities to rural areas.

These regulations should be reviewed to assure that they do not become a problem in a proposed field consolidation or streamlining effort. They are described in greater detail in the Policy Review Sub-group Report.

- d) Employees/Employee Unions - Federal employees and the unions that represent their interests should be consulted, as appropriate, during any proposed field reorganization. In order to minimize the constraints these groups can place during organizational changes (complaints to members of the Congress, etc.) they should be kept informed, as necessary, in areas that affect their working conditions and conditions of employment..

- e) State/Local Government and Their Communities - Reorganizations can have a significant impact on job markets, economics (loss of tax revenue), local businesses and school systems. These factors should be analyzed carefully to reduce any negative impacts and to minimize any constraints the localities can place on a reorganization (e.g., pressure from local politicians, members of Congress, and local business leaders).

- f) Space Demands - Consolidating field components may be dependent, in part, upon the availability of space and facilities. These requirements should be carefully analyzed and planned for, in conjunction with the General Services Administration, in order to minimize costs and relocation difficulties.

- g) Mission - Agency missions may constrain the location of operations due to the need to be geographically present to provide services. Examples of such mission constraints are the Bonneville Power Administration and the St. Lawrence Seaway Development Corporation.

2. Specific Constraints.

In addition to the above general constraints, there are also unique problems that certain agencies encounter during proposed field reorganizations. This section discusses constraints that are agency specific. Other examples are being compiled by the Policy Review Subgroup.

Constraints on specific agencies have, in many cases, prohibited those agencies from achieving improvements in program management and in the efficiency and effectiveness of their operations. Considerable cost savings may have been lost due to these constraints.

- a) Department of Housing and Urban Development (HUD) - The Dole Amendment (P.L. 95-557) requires that any proposed field reorganization first be placed in the Federal Register for a 90 day comment period. A cost/benefit analysis must be included. In addition, the FY 83 Appropriation Bill (P.L. 97-272) prohibits HUD from using funds for reorganization purposes prior to January 1, 1983, without prior approval of the Committees on Appropriations. This, in effect, delayed any proposed reorganization for three months (October 1 to January 1).
- b) Small Business Administration (SBA) - Congress must be advised 15 days prior to implementation of any field reorganization at SBA.
- c) Department of Commerce: Economic Development Administration - The FY 83 Appropriation Bill requires that there be no less than 47 Economic Development Representatives (EDR) located in the United States. Thus, consolidations to improve program efficiency and effectiveness which would include reducing the number of EDR's are not permitted.
- d) Environmental Protection Agency (EPA) - The Clean Water Act requires that EPA maintain laboratories in various sections of the country. Laboratories may not be closed or moved from their areas without a change in legislation. In addition, the EPA FY 83 Appropriations Bill requires that the facility located in Grosse Isle, Michigan, be maintained.

- e) Department of Transportation: The Federal Aviation Administration (FAA) - Airport and Airways Development Act of 1982 (P.L. 97-248), Section 528c prohibits FAA from closing more than five flight service stations in FY 1983, even if it is advantageous to the government to close more stations. Section 528b states that no more than 60 flight service stations may be part-timed, regardless of criteria, cost, or need. In addition, the FY 83 Department of Transportation Appropriation Bill (P.L. 97-369) states that FAA shall not undertake any reorganization of its regional office structure without prior approval of both the House and Senate Appropriation Committees.

- f) Department of Health and Human Services: Administration on Aging - Legislation (P.L. 89-73) requires the Administration to have its regional offices report to the Commissioner on Aging, and not to the Regional Administrator of Human Development Services (HDS). This prevents HDS from consolidating all human development activities under one regional official and, in effect, prohibits certain administrative and management efficiencies.

- g) Department of Energy - Congressman Dingle must be notified two weeks prior to any significant reduction-in-force.

3. Case Studies.

Congressional involvement in management decisions by agency heads to organize, reorganize or otherwise streamline their field activities was cited in most agency presentations, and in interviews with agency managers, in the 13 agencies surveyed. Most agencies view this involvement as a significant constraint on their ability to reduce costs and improve the efficiency of their service delivery systems.

These three case studies highlight how external constraints can in effect stop proposed agency field reorganizations, even if the reorganization would have resulted in improved service, cost saving, and a more efficient and effective operation.

- a) Department of Transportation (DOT) - DOT proposed to colocate Federal Highway Administration (FHWA) Regional Offices with Urban Mass Transportation Administration (UMTA) Regional Offices. This field reorganization would have unified transportation presence in the regions, improved planning and decisionmaking between FHWA and UMTA, and provided opportunities for economies of scale through joint administrative support. However, due to the following external constraints, the reorganization proposal was withdrawn: lack of office space in existing facilities to accommodate the consolidation, the effectiveness of employees in mobilizing the local communities to resist the proposed move, and Congressional opposition.
- b) Department of Agriculture (USDA) - USDA proposed to realine and reduce the number of regions within the Forest Service for purposes of improved management efficiency and effectiveness as well as for cost savings considerations. Congress imposed legislative constraints, preventing any changes to the field structure without the consent of four different Congressional committees. These constraints effectively stopped the proposed field reorganization.
- c) Department of the Interior (DOI) - DOI proposed to reduce the number of area offices within the Bureau of Indian Affairs (BIA) from twelve to seven (five regional offices and two area offices) in order to reduce the cost of administering the BIA field programs. The proposed reorganization would have resulted in consolidation and streamlining of functions but was never implemented due to the following external constraints: the proposal to consolidate the Muskegee Area Office into the Anadarko Area Office, and the Billings Area Office into the Aberdeen Area Office generated strong opposition from Congressional sources, local communities and Indian tribes. Opposition was based on the impact on the local economies of the affected areas. In addition, the proposal to abolish the Sacramento Area Office and transfer its functions to other offices outside of California prompted opposition from Congressional sources and local Indian tribes. The primary concern was the potential impact on service delivery to Indian tribes in California.

IV. RECOMMENDATIONS

On the basis of this survey, it may be concluded that many agencies have already taken action to streamline their Federal field structure but that opportunities exist for greater improvements and savings in this area. Therefore the Sub-group recommends the following actions:

- A. Each agency head shall review and justify the agency's field structure against the criteria of efficiency and effectiveness. This review will include proposals for streamlining field structures and projected annual financial impacts of proposed changes for Fiscal Years 1984 through 1986. Each agency head shall submit this plan to the Cabinet Council on Management and Administration (CCMA) by September 15, 1983. Thereafter, such reviews and submissions will be made in conjunction with major agency reorganizations. The following factors should be considered and utilized in the conduct of this review:
1. Elimination of non-essential functions, layers of management supervision and organization. The fewest practical intermediate offices should be permitted in the field between the point of service delivery and the agency headquarters. A baseline for this evaluation would be:
 - a) No intermediate offices for grant making functions (except Auditing and Inspector General)
 - b) One intermediate office for service, regulatory and land management functionsThe baseline is for purposes of evaluation. In some cases agencies may find that it is more operationally practical to consolidate at the point of delivery rather than at the intermediate office level.
 2. The use of third party service delivery systems: state and local governments, other Federal agencies and private organization systems. Where a third party system is used, only program audit and Inspector General field activities should be permitted.
 3. When intermediate offices are required, the absolute minimum number essential for program direction and control should be maintained. Consolidation and colocation will promote maximum use of existing in-place assets, effective use of common operational and administrative support services, and convenience to the client (one stop shopping). These intermediate offices should:
 - a. Be consolidated to the maximum extent possible, whenever such consolidation is in keeping with effective and efficient program operations.

b. Where cost effective and where there are no site-specific program requirements, be located in proximity to other Federal offices serving similar clientele and in the following priority order:

- 1) Regional cities Standard Metropolitan Statistical Areas (SMSA's)
- 2) Federal enclave SMSA's (cities with existing concentrations of Federal employees. See Appendix B for a listing of the SMSA's constituting the Federal enclaves.)

4. Supervisor to employee ratios should be increased. A baseline for this evaluation would be that generally these ratios should not be less than 1 to 7.
5. Other considerations such as the imposition of user fees might also provide motivation for streamlining service delivery.

B. The Executive Branch should undertake a concerted effort to reduce legislative involvement in management decisions -- specifically, management ability to organize field structure and staffing for effective and efficient delivery of service. Key policy leadership (Executive Office of the President including OMB, and Agency heads) shall discuss and negotiate with Congressional leadership for increased Executive Branch flexibility in streamlining the Federal Field Structure. Agency heads, as part of their review and justification of field structure cited in Recommendation A, shall provide an analysis of field structure streamlining actions they can take:

1. Within their own authority, which they believe would invoke no significant Congressional concern;
2. Within their own authority, which they believe would provoke significant Congressional concern; and
3. Which require specific legislative changes.

V. ACTION PLAN

The recommendations of the Organization and Staffing Review Sub-group can have an extremely positive effect on how field organizations operate. The objectives of the Sub-group -- to establish a framework for the elimination of non-essential activities, improvement in effectiveness of program delivery, and improvement in efficiency of operations -- may all be realized with implementation of the proposed recommendations.

Since some Federal agencies may not be inclined to implement the proposed recommendations, the following actions should be taken in order to ensure Federal agency implementation of recommendations:

- A. Issuance of an Executive Order enunciating Administration policy goals with regard to Federal field structure.
- B. Issuance of a Presidential Management Directive to the heads of Executive Agencies directing the review of field structures, as specified in Recommendation A.
- C. Establishment of committees by the Cabinet Council on Management and Administration (CCMA) to identify potential and make recommendations for interagency third-party service delivery.
- D. Discussion of field structure initiatives with appropriate Congressional leaders.

In addition, a publication of successes in field streamlining and consolidation actions that Federal agencies have had could provide the needed impetus for organizations to review and improve the efficiency and effectiveness of their field structures. Further, a publication of trends in field employment levels, by Federal agency, may encourage organizations to be "competitive" with one another to decrease employment.

APPENDICES

A. Listing of Sub-group Members

ORGANIZATION AND STAFFING REVIEW SUB-GROUP

Chairman:

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Mr. Stephen Babcock
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Contributors

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B. Data

BACKGROUND DATA/TRENDS

1. The summary data contained in Tables 1 and 2 were obtained from information submitted by agencies to the Sub-group on April 21, 1983. This data was developed by the agencies within a very short timeframe and certain inconsistencies are apparent in the submissions. The category breakouts for Regulatory, Service, Grant Making and Land Management are based on agency mission statements but are, by their nature, arbitrary. The breakouts were developed to try to identify trends based on similarity of mission and were not cleared with individual agencies for accuracy. Many organizations have multi-mission operations and the breakout made a choice of only one of these for purposes of analysis. Resource and Development (R&D) activities were included in the Service category. Agency data was updated in May and July 1983.
2. The summary data contained in Tables 3 - 5 were obtained from the September 30, 1982, data in the Central Personnel Data File (CPDF), provided by Office of Personnel Management in a special report to the Sub-group. The following characteristics apply to these data:
 - A. Certain field facilities are included in the headquarters numbers due to the fact that OPM defines headquarters in the data as those activities located in the Washington, D.C., Standard Metropolitan Statistical Area (SMSA). Therefore facilities like the Goddard Space Center are included in these numbers. Further, headquarters such as the Social Security Administration offices in Baltimore, Maryland, are included in field facility numbers for the same reason.
 - B. Total Federal civilian employment for the SMSA data does not match the previous total of 2.8 million (cited in the original briefing to the CCMA) because of the following factors:
 - (1) Monthly OPM releases (used for the Cabinet Council on Management and Administration briefing) are based on agency submissions; the CPDF, used for Sub-group data, is based on personnel actions reported to OPM.
 - (2) This data excludes the U.S. Postal Service.
 - (3) This data excludes certain agencies such as TVA, Federal Reserve Board and foreign countries.
 - (4) Some Federal civilian employees do not work in a SMSA.
3. The summary data contained in Table 6 were obtained from the monthly OPM releases for September 30, 1980, 1981 and 1982. These data were obtained to reinforce the employment trends shown in Table 3 using a second data base.

TABLE 1

Regional Structure Configuration

Type of agency Number of agency Components identified	Number of Regions															
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	≥ 15
Regulatory (31)																
#	8	0	0	0	1	4	1	1	2	2	6	0	3	2	0	1(23)
%	27	0	0	0	3	13	3	3	6	6	20	0	10	6	0	3
Service (57)																
#	29	2	1	3	2	3	3	1	2	0	5	1	3	0	0	2(28,20)
%	50	4	2	5	4	5	5	2	4	0	8	2	5	0	0	4
Grant Making (11)																
#	3	0	0	0	0	0	0	0	0	1	7	0	0	0	0	0
%	27	0	0	0	0	0	0	0	0	9	64	0	0	0	0	0
Land Management (4)																
#	0	0	0	0	1	0	0	1	0	1	0	0	0	0	1	0
%	0	0	0	0	25	0	0	25	0	25	0	0	0	0	25	0
*Totals (103)																
#	40	2	1	3	4	7	4	3	4	4	18	1	6	2	1	3
%	40	2	1	3	4	7	4	3	4	4	18	1	6	2	1	3

Source: Agency data submitted to Sub-group 4/21/83; as amended 5/19/83 and 7/83

(See backup sheets following and Note #1, page A3)

* Note: Percentages do not add to 100 due to rounding

TABLE 2

Management Layering by Selected Executive Agencies

Type of Agency/ Number of Agency Components Identified	Number of layers (including headquarters)				
	1	2	3	4	≥ 5
Regulatory (31)					
#	0	13	12	5	1 (5)
%	0	42	39	16	3
Service (57)					
#	5	27	18	3	4
%	9	47	32	5	7
Grant Making (11)					
#	3	2	6	0	0
%	27	18	55	0	0
Land Management (4)					
#	0	0	2	1	1
%	0	0	50	25	25
Totals * (103)					
#	8	42	38	9	6
%	8	42	38	9	6

Source: Agency data submitted to Sub-group A (2/1/83), as amended
5/19/83 and 7/83

(See backup sheets following and Note #1, page A3)

* Note: Percentages do not add to 100 due to rounding

DATA BACKUP SHEETS FOR TABLES 1 and 2

Category: REGULATORY

<u>Bureau/Agency</u>	<u># Regions</u>	<u># Layers</u>	<u>Comments</u>
1. Interior - Office of Surface Mining	0 1/	4	
2. HHS - Food & Drug Administration	10	3	HHS overall: Mission includes R&D and Health Care Service to medically underserved areas and to American Indians and Alaskan Natives.
3. USDA - Animal & Plant Health Inspection	9	5	569 Sub-regional field offices in 3 layers
4. USDA - Federal Grain Inspection Service	0	2	31 field offices report directly to headquarters
5. USDA - Food Safety and Inspection Service	13	4	
6. USDA - Packers and Stockyards Admin.	12	2	
7. Education - Civil Rights	10	2	
8. DOE Federal Energy Regulatory Comm.	5	2	
9. DOE Economic Reg. Administration	0	2	
10. DCJ F.B.I.	0	2	
11. DOJ Bureau of Prisons	5	3	
12. DCJ U.S. Marshals	0	2	93 Judicial Districts
13. DCJ U.S. Attorneys	0	2	93 Judicial Districts

14.	DOJ Immigration & Naturaliz. Service	4	3	
15.	DOJ Drug Enforcement Administration	0	2	
16.	HUD Fair Housing and Equal Opportunity	10(S)	3	
17.	HUD Govt. National Mortgage Corp.	10(S)	3	
18.	DOL Occ. Safety and Health Admin.	10(NS)	3	79 Sub-regional field offices, in 1 layer
19.	DOL Mine Safety and Health Admin.	23	4	District offices are at regional level. 148 Sub-regional field offices, in 2 layers
20.	DOL Employment Stds. Administration	10 (NS)	3	158 Sub-regional field offices, in 3 layers
21.	DOL Labor-Mgmt. Services Admin.	6	3	24 Sub-regional field field offices, in 1 layer
22.	DOL Office of the Solicitor	8	3	9 Sub-regional field offices, in 1 layer
23.	Treasury - Bureau of Alcohol, Tobacco & Firearms	5	4	
24.	DOT - Maritime Admin.	5	3	Regional level includes Merchant Marine Academy
25.	DOT - Federal Railroad Administration	8	3	

26. DOT - Federal Aviation Administration	13	3	Mission includes service and grant making activities
27. DOT - Nat'l. Hwy. Traffic Administration	12	2	Regional level includes two test facilities reporting to headquarters.
28. Treasury - Comptroller of the Currency	12	2	
29. Treasury - U. S. Customs Service	7	4	
30. Treasury - U.S. Secret Service	0	2	
31. Treasury - Bureau of Gov't. Financial Opns.	9	2	

Legend:

S: Standard
NS: Non-Standard

Source: Agency data submitted to Sub-group 4/21/83; as amended 5/19/83
Please see Note #1, page A3

1/ Figures corrected by DOI 5/19/83 and 7/83.

Category: SERVICES PROVISION

<u>Bureau/Agency</u>	<u># Region</u>	<u># Layers</u>	<u>Comments</u>
1. Interior - National Park Service	10	5	
2. Interior - Minerals Mgmt. Service	4 <u>1/</u>	5	
3. Interior - Bureau of Indian Affairs	12 <u>1/</u>	3	Area offices are at regional level. Also trustee for lands and monies.
4. Interior - Geological Survey	3	3	Mission includes R&D
5. Interior - Fish and Wildlife Service	8 <u>1/</u>	3	Mission includes R&D
6. HHS - (SSA) Social Security Administration	10	3	Mission includes grants to states for child support enforcement program.
7. HHS - (HDS) Human Development Services	10	2	Mission includes grants to states and localities. Most services provided through states and localities; exception is Head Start Program.
8. HHS - (HCFA) Health Care Financing Admin.	10	2	Most programs are through states or intermediaries. Also monitors and certifies health care facilities.
9. HHS - Health Resources Service Admin. - Indian Health Service	0	3	Public Health Service (PHS) has not been included since PHS subordinate components have been used.
10. HHS - National Institutes of Health	0	2	

11.	HHS - Alcohol, Drug Abuse and Mental Health Admin.	0	2	
12.	HHS - Centers for Disease Control	0	2	
13.	USDA - Farmers Home Administration	0	4	1926 - Local offices provide credit to those in rural America.
14.	USDA - Rural Electrification Admin.	0	2	Provides credit for rural electric and telephone utilities.
15.	USDA - Federal Crop Insurance Corp.	28	3	Provide crop insurance for losses.
16.	USDA - Agriculture Marketing Serv.	20	4	Mission includes inspection, grading, research, and regulatory programs.
17.	USDA - Food and Nutrition Service	7	5	110 Sub-regional offices in 3 layers, including 16 employees working out of their homes.
18.	USDA - Agriculture Stabilization and Conservation Service	0	3	
19.	USDA - Statistical Reporting Service	0	2	Provides service mostly to R & D programs.
20.	GSA - (FSS, PRS, NARS, ADTS, TPUS, FPRS)	11	3	
21.	Education - Bilingual Ed.	0	1	
22.	Education - Special Ed and Rehab. Services	10	2	Programs include grants for research and financial aid to states.
23.	Veterans Admin. Dept of Med & Surg.	5	3	

24.	Veterans Admin. Dept of Mem. Affairs	3	2	
25.	Veterans Admin. Dept of VA Benefits	3	2	
26.	Treasury Bureau of Engraving and Printing	0	1	
27.	Treasury Fed. Law Enforce- ment Training Center	0	1	
28.	Treasury Bureau of the Mint	2	3	
29.	Treasury Bureau of the Public Debt	0	2	
30.	DOL Bureau of Labor Stat.	8	2	
31.	DOL Int'l Labor Affairs	0	1	
32.	HUD Policy Dup. & Research	0	1	
33.	DOE Power Admin.	0	3	
34.	DOE Conservation & Renewable Energy	1	3	R&D and grants mangement
35.	DOE Energy Info. Administration	0	2	
36.	DOE Operations Offices	0	2	R&D
37.	DOE Nuclear Energy	0	2	R&D
38.	DOE Fossil Energy	0	2	R&D

39.	DOE Environmental Protection, Safety & Emergency Preparedness	0	3	R&D
40.	DOJ - Offices/ Services/Divisions & Eds.	0	2	
41.	DOT - U.S. Coast Guard	12*	3	* Districts, no formal regions. Mission in- cludes regulatory and maritime law enforce- ment activities.
42.	DOT - St. Lawrence Seaway Develop. Corp.	1	2	1 regional level office at Massena, New York
43.	DOT - Research and Special Projects Admin.	5	3	Mission includes R and D and regulatory activities.
44.	Commerce Nat'l. Weather Service	6	3	
45.	Commerce Nat'l. Ocean Service	0	2	
46.	Commerce Nat'l. Marine Fisheries	5	3	
47.	Commerce Environ. Sat., Data & & Info. Serv.	0	2	
48.	Commerce Office of Oceanic & Atmospheric Rsch.	0	5	R & D
49.	Commerce Minority Bus. Develop.	6	3	
50.	Commerce Census	12	2	
51.	NASA	0	2	
52.	Commerce Intn'l. Trade Administration	0	2	
53.	Commerce - Economic Develop. Administration	6	2	

54.	Interior - Bureau of Mines	0 <u>1</u> /	2	R & D
55.	USDA - Agriculture Research Serv.	4	4	R & D
56.	USDA - Economic Research Service	0	2	R & D
57.	Commerce - Nat'l. Telecomm. & Info. Admin.	0	2	

Source: Agency data submitted to Sub-group 4/21/83; as amended 5/19/83 and
7/83
Please see Note #1, page A3

1/ Figures corrected by DOI 5/19/83

Category: GRANT MAKING

<u>Bureau/Agency</u>	<u># Region</u>	<u># Layers</u>	<u>Comments</u>
1. DOT Urban Mass Transit Administration	10	2	
2. DOT Federal Hwy. Admin.	9	3	
3. Education - Elem. & Secondary Education	0	1	Formulates policy
4. Education - Educational Research & Improvement	0	1	Mission includes R & D
5. Education - Vocational Education	0	1	
6. Education - Post Secondary Education	10	2	Formulates policy
7. DOL - Employment & Training Admin.	10 (NS)	3	34 Sub reg. offices
8. HUD Community planning and Development	10 (S)	3	
9. HUD New Community Develop- ment Corporation	10(S)	3	
10. HUD Federal Housing Commission	10 (S)	3	
11. HUD Neighborhood Volun- teers Association for Consumer Protection	10 (S)	3	

Source: Agency data submitted to Sub-group 4/21/83; as amended 5/19/83
Please see Note #1, page A3

Category: LAND MANAGEMENT

<u>Bureau/Agency</u>	<u># Region</u>	<u># Layers</u>	<u>Comments</u>
1. Interior - Bureau of Land Management	14	4	
2. Interior - Bureau of Reclamation	7	3	
3. USDA - Forest Service	9	3	No data provided from USDA - data assumed from Gov't. manuals
4. USDA - Soil Conserva- tion Service	4	5	3507 local offices. Regional-level offices are National Technical Centers.

Source: Agency data submitted to Sub-group 4/21/83; as amended 5/19/83
Please see Note #1, page A3

TABLE 3

Percentage Change by Selected Executive Agencies

Agency/ Department	Number of Employees:Percent Change FY 1976-1980			FY 1980-1982		
	Total	HQ	Region	Total	HQ	Region
Veterans Administration	+ 2.9	- 0.4	+ 3.0	+ 3.4	+ 0.6	+ 3.5
Health and Human Services <u>1/</u>	- 2.3	-12.0	+ 0.6	- 3.1	- 1.5	- 3.6
Agriculture	+10.9	+ 9.6	+11.0	- 4.5	- 4.2	- 4.6
Treasury <u>2/</u>	- 5.4	+10.7	- 7.8	- 1.3	-10.3	+ 0.3
Interior <u>3/</u>	- 4.5	+ 2.3	- 5.4	+ 2.7	- 1.6	+ 3.3
Transportation <u>4/</u>	- 2.4	- 4.1	- 2.1	-13.2	- 7.9	-14.1
Justice <u>5/</u>	+ 5.5	+ 2.7	+ 6.8	+ 1.4	+ 2.0	+ 1.2
Corps of Engineers <u>6/</u>	n.a.	n.a.	n.a.	+ 0.8	+28.2	- 0.6
General Services Administration	+ 6.4	- 6.0	+13.7	-16.0	-15.3	-16.4
National Aeronautics and Space Administration <u>7/</u>	- 5.9	- 6.0	- 5.9	- 5.4	- 7.0	- 5.0
Commerce <u>8/</u>	+15.7	+ 5.2	+26.7	-16.9	-11.5	-21.7
Labor <u>9/</u>	+45.9	+15.6	+68.8	-17.5	-14.6	-19.0
Energy <u>10/</u>	n.a.	n.a.	n.a.	-12.0	-18.9	- 7.7
Housing and Urban Development <u>11/</u>	- 3.2	- 1.4	- 3.8	-12.6	-17.8	-10.7
Environmental Protection Agency	+26.3	+50.9	+15.5	-16.0	-18.8	-14.8
Office of Personnel Management	n.a.	n.a.	n.a.	-18.6	-16.6	-19.8
Small Business Administration <u>12/</u>	+21.3	+15.9	+22.5	-13.1	- 0.5	-15.9
Education <u>13/</u>	n.a.	n.a.	n.a.	-20.6	-17.0	-26.8
TOTALS	+10.5	+12.5	+10.2	- 3.7	- 7.5	- 3.0

Source: OPM Central Personnel Data File (CPDF)
Field Structure Report
September 30, 1982
(See backup sheets following)

Explanatory Notes

1. HHS: If employment for Department of Education is extracted from the 1976 employment figures to make the comparison from 1976 - 1980 consistent with 1980 - 1982, and HHS employment figures as reported to OPM are used, the total percentage change from 1976 - 1980 is +4.2 and from 1980 - 1982 is -4.3. These figures also reflect the transfer of the Public Health Hospitals to non-Federal entities.
2. Treasury: The percentage change figures reflect increases in personnel in the IRS.
3. Interior: Interior questions the validity of using on board figures as the source of an indicator of employment strength.
4. DOT: The percentage change figures from 1980 - 1982 may not reflect the loss of 8,000 Air Traffic Controllers in 1981.
5. Justice: Based on Justice employment figures as reported to the Office of Personnel Management (OPM), the percentage change from 1976 - 1980 is +4.3. This is due in large part to an increase in the Immigration and Naturalization Service due to new enforcement enhancement programs.
6. Corps of Engineers: The OPM figures include numerous part-time and temporary employees and are therefore inflated in relation to full time employment. Corps of Engineers disputes the percentage increase at headquarters from 1980 - 1982 of 28.2. They are checking with OPM to resolve the difficulty. Based on full time permanent appointments, the percentage change from 1976 - 1980 is -2.7. The Corps of Engineers employment figures as reported to OPM (Civilian Personnel Information System report, 113A) reflects a percentage change from 1980 - 1982 of -3.2.
7. NASA: The figures reflect reductions in energy related programs and the consolidation of flight centers.
8. Commerce: The percentage increase from 1976 - 1980 is due in large part to increased staffing at the Bureau of the Census in order to accomplish the decennial census (1980). The percentage decrease from 1980 - 1982 reflects the decreased staff after the completion of the census.
9. Labor: The percentage increase from 1976 - 1980 reflects the transfer of the Mine and Safety program to the Department of Labor from the Department of the Interior, as well as the consolidation of the contract compliance function from the agencies to the Office of Federal Contract Compliance at Labor. Labor reports that the percentage change from 1980 - 1982 should be -20.0 based on their figures.

10. Energy: DOE reports that the OPM data is inaccurate. If DOE data as reported to OPM is used, the total percentage change would be -16.7 between FY 1980 and FY 1982.
11. HUD: HUD reports that, if adjustments are made to the OPM figures to extract employment that was transferred out of HUD when FEMA was created (1978) and to reflect a change in the employment counting procedures made in 1981, the percentage change from 1976 - 1980 is +7.3 and from 1980 - 1982 is -14.4.
12. SBA: SBA reports that the percentage change from 1980 - 1982 should be -15.9 based on their figures as reported to OPM.
13. Education: The percentage change figures reflect block grants, transfers of functions and the cut back of the student loan program in the field.

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Data Backup Sheets for TABLE 3*

	Total	1976 HQ	Region	Total	1980 HQ	Region	Total	1982 HQ	Region
Veterans Administration	225,245	6,528	218,717	231,743	6,504	225,239	239,602	6,543	233,059
Health and Human Services 1/	152,468	35,676	116,792	148,923	31,400	117,523	144,241	30,922	113,319
Agriculture	133,348	12,462	120,886	147,859	13,660	134,199	141,174	13,087	128,087
Treasury	133,013	17,220	115,793	125,876	19,066	106,810	124,215	17,093	107,122
Interior	87,076	10,392	76,684	83,164	10,629	72,535	85,391	10,456	74,935
Transportation	73,709	10,777	62,932	71,925	10,336	61,589	62,400	9,522	52,878
Justice	53,894	16,019	37,875	56,883	16,450	40,433	57,675	16,774	40,901
Corps of Engineers	n.a.	n.a.	n.a.	42,823	2,096	40,727	43,151	2,688	40,463
General Services Administration	37,622	13,884	23,738	40,042	13,053	26,989	33,623	11,050	22,573
National Aeronautics and Space Administration	25,517	5,685	19,832	24,006	5,346	18,660	22,700	4,972	17,728
Commerce	38,719	19,807	18,912	44,794	20,839	23,955	37,203	18,452	18,751
Labor	16,256	7,011	9,245	23,710	8,105	15,605	19,562	6,923	12,639
Energy	n.a.	n.a.	n.a.	21,485	8,376	13,109	18,899	6,794	12,105
Housing and Urban Development	17,069	4,648	12,421	16,528	4,583	11,945	14,439	3,767	10,672
Environmental Protection Agency	11,756	3,602	8,154	14,853	5,434	9,419	12,470	4,413	8,057
Office of Personnel Management	n.a.	n.a.	n.a.	9,125	3,533	5,592	7,429	2,945	4,484
Small Business Administration	4,716	878	3,838	5,721	1,018	4,703	4,969	1,013	3,956
Education	n.a.	n.a.	n.a.	7,470	4,725	2,745	5,931	3,923	2,008
TOTALS	1,010,408	164,589	845,819	1,116,930	185,153	931,777	1,075,074	171,337	903,737

Source: OPM Central Personnel Data File (CPDF)
Field Structure Report
September 30, 1982

*See Explanatory Notes on page 16 and page A3 of the Appendices

1/ HHS: HHS advises that according to HHS records these figures should be 1976: 144,724; 30,278; 114,446; 1980: 150,825; 32,096; 118,729; 1982: 144,270; 30,413; 113,857

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TABLE 4

Ratios of Supervisors to Employees by
Selected Executive Agencies

Supervisory Ratios

Agency/ Department	FY 1976	FY 1980	FY 1982
Veterans Administration	9.0	9.1	9.1
Health and Human Services	8.5	8.5	8.3
Agriculture	5.2	6.9	6.9
Treasury	11.0	10.2	9.6
Interior	7.6	8.1	8.7
Transportation <u>1/</u>	7.5	5.9	5.1
Justice	5.9	6.0	5.8
Corps of Engineers	n.a.	6.2	7.4
General Services Administration	6.3	7.0	6.3
National Aeronautics and Space Administration <u>2/</u>	17.3	6.5	6.1
Commerce	8.4	8.1	7.6
Labor	7.9	8.3	5.7
Energy <u>3/</u>	n.a.	3.0	3.2
Housing and Urban Development	6.4	6.6	5.5
Environmental Protection Agency	15.5	10.4	7.9
Office of Personnel Management	n.a.	9.0	7.4
Small Business Administration	7.0	8.3	5.9
Education	n.a.	6.7	5.8

Source: OPM Central Personnel Data File (CPDF)
Federal Field Structure Report
September 1976, 1980, 1982

1/ Transportation: DOT advises that their figures show the supervisory ratio in 1982 to be 6.0.
2/ NASA: NASA advises that their figures show the supervisory ratio in FY 1976 to be approximately 6.0.
3/ DOE: This ratio is being challenged by DOE since it appears that a major organizational component of DOE provided inaccurate data to OPM. OPM is in the process of amending this number.

TABLE 5

Federal Civilian Employment by Standard Metropolitan Statistical Area (SMSA)

Total Federal
Employment Excludes
Postal Service

TOP 30 SMSA's - OPM DATA

No.	SMSA	1976 Total Fed Employment	1980 Total Fed Employment	1982 Total Fed Employment	Total # % of Total % of Field % Change
1	DC - MD - VA	318,335 18.9 23.1 -	328,065 18.8 23.1 + 3.0	295,642 17.5 21.2 -10.9	
2	*Philadelphia, PA- NJ	53,273 3.1 3.9 -	53,823 3.1 3.8 + 1.0	52,759 3.1 3.8 - 2.0	
3	Baltimore, MD	48,045 2.8 3.5 -	46,550 2.7 3.3 - 3.1	45,129 2.7 3.2 - 3.1	
4	*San Francisco- Oakland, CA	47,913 2.8 3.5 -	48,034 2.7 3.4 + .3	45,900 2.7 3.3 - 4.4	
5	*NY, NY - NJ	46,071 2.7 3.3 -	44,049 2.5 3.1 - 4.4	39,122 2.3 2.8 -11.2	
6	LA - Long Beach, CA	41,759 2.5 3.0 -	40,636 2.3 2.9 - 2.7	39,915 2.3 2.9 - 1.8	
7	*Chicago, IL	37,849 2.2 2.8 -	38,665 2.2 2.7 + 2.2	36,451 2.2 2.6 - 5.7	

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		<u>1976</u>	<u>1980</u>	<u>1982</u>	
8	San Antonio, TX	33,938 2.0 2.5 -	32,688 1.9 2.3 - 3.7	33,530 2.0 2.4 + 2.6	Total # % of Total % of Field % Change
9	Norfolk - VA Beach- Portsmouth, VA-NC	32,122 1.9 2.3 -	33,261 1.9 2.3 + 3.5	33,396 2.0 2.4 + .4	Total # % of Total % of Field % Change
10	San Diego, CA	30,005 1.8 2.2 -	29,538 1.7 2.1 - 1.6	29,286 1.7 2.1 - .9	Total # % of Total % of Field % Change
11	Salt Lake City- Ogden, UT	29,512 1.7 2.1 -	28,518 1.6 2.0 - 3.4	30,246 1.8 2.2 + 6.1	Total # % of Total % of Field % Change
12	*Denver - Boulder, CO	26,853 1.6 2.0 -	28,449 1.6 2.0 + 5.9	26,688 1.6 1.9 - 6.2	Total # % of Total % of Field % Change
13	Oklahoma City, OK	25,775 1.5 1.9 -	24,310 1.4 1.7 - 5.7	24,841 1.5 1.8 + 2.2	Total # % of Total % of Field % Change
14	St. Louis, MO-IL	24,688 1.5 1.8 -	25,769 1.5 1.8 + 4.4	25,980 1.5 1.9 + .8	Total # % of Total % of Field % Change

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		<u>1976</u>	<u>1980</u>	<u>1982</u>	
15	*Atlanta, GA	23,489 1.4 1.7 -	25,703 1.5 1.8 + 9.4	25,664 1.5 1.8 - .2	Total # % of Total % of Field % Change
16	Dayton, OH	22,821 1.3 1.7 -	20,957 1.2 1.5 - 8.2	21,371 1.3 1.5 + 2.0	Total # % of Total % of Field % Change
17	Sacramento, CA	22,660 1.3 1.6 -	21,522 1.2 1.5 - 5.0	22,141 1.3 1.6 2.9	Total # % of Total % of Field % Change
18	Honolulu, HI	22,268 1.3 1.6 -	21,852 1.2 1.5 - 1.9	22,007 1.3 1.6 + .7	Total # % of Total % of Field % Change
19	*Boston, MA	21,192 1.3 1.5 -	24,690 1.4 1.7 +16.5	22,749 1.3 1.6 - 7.9	Total # % of Total % of Field % Change
20	*Kansas City, MO-KS	19,308 1.1 1.4 -	18,710 1.1 1.3 - 3.1	18,057 1.1 1.3 - 3.5	Total # % of Total % of Field % Change
21	*Dallas-Fort Worth, TX	18,580 1.1 1.4 -	19,949 1.1 1.4 + 7.4	18,898 1.1 1.4 - 5.3	Total # % of Total % of Field % Change

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		<u>1976</u>	<u>1980</u>	<u>1982</u>	
22	Detroit, MI	16,744 1.0 1.2 -	17,068 1.0 1.2 + 1.9	16,861 1.0 1.2 - 1.2	Total # % of Total % of Field % Change
23	Macon, GA	16,083 .9 1.2 -	15,288 .9 1.1 - 4.9	15,454 .9 1.1 + 1.1	Total # % of Total % of Field % Change
24	Newark, NJ	14,835 .9 1.1 -	15,575 .9 1.1 + 5.0	15,078 .9 1.1 - 3.2	Total # % of Total % of Field % Change
25	Charleston, SC	14,630 .9 1.1 -	15,466 .9 1.1 + 5.7	15,442 .9 1.1 - .2	Total # % of Total % of Field % Change
26	Vallejo-Fairfield- Napa, CA	14,557 .9 1.1 -	12,603 .7 .9 -13.4	13,423 .8 1.0 + 6.5	Total # % of Total % of Field % Change
27	Huntsville, AL	14,497 .9 1.1 -	14,192 .8 1.0 - 2.1	13,992 .8 1.0 - 1.4	Total # % of Total % of Field % Change
28	*Seattle-Everett, WA	13,388 .8 1.0 -	14,524 .8 1.0 + 8.5	12,976 .8 .9 -10.7	Total # % of Total % of Field % Change

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	<u>1976</u>	<u>1980</u>	<u>1982</u>	
29 Cleveland, OH	13,067	13,003	12,240	Total #
	.8	.7	.7	% of Total
	1.0	.9	.9	% of Field
	-	- .5	- 5.9	% Change
30 Indianapolis, IN	12,447	12,582	12,169	Total #
	.7	.7	.7	% of Total
	.9	.9	.9	% of Field
	-	+ 1.1	- 3.3	% Change
Total SMSA (Top 30)	1,076,704	1,086,039	1,037,407	Total #
	63.6	62.1	60.7	% of Total
	-	-	-	% of Field
	-	+ .9	- 4.5	% Change
Total Field SMSA (Top 30- DC-MD-VA SMSA)	758,369	757,974	741,765	Total #
	44.8	43.3	43.5	% of Total
	55.1	53.3	52.7	% of Field
	-	- .05	- 1.2	% Change
Total Federal Employment	1,693,789	1,748,574	1,709,929	Total #
	-	-	-	% of Total
	-	-	-	% of Field
	-	+ 3.2	- 2.2	% Change
Total Field (Total Federal- DC-MD-VA SMSA)	1,375,454	1,420,509	1,414,287	Total #
	-	-	-	% of Total
	-	-	-	% of Field
	-	+ 3.3	- .5	% of Change

* 10 Standard Regional Cities

Source: OPM Central Personnel Data File (CPDF)
Federal Civilian Employment by Geographical Area
and Special SMSA Report.

TABLE 6

Field Employment in U. S.
Executive Branch Civilian Employment

<u>Agency</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>Percent Change 1980-1982</u>
Veterans Administration	220,000	223,000	227,000	+ 3.2
Health and Human Services	122,000	122,000	115,000	- 5.7
Agriculture	114,000	114,000	107,000	- 6.1
Treasury	106,000	103,000	101,000	- 4.7
Interior	67,000	66,000	68,000	+ 1.5
Transportation	62,000	49,000	53,000	-14.5
Justice	39,000	38,000	40,000	+ 2.6
Corps of Engineers	32,000	32,000	31,000	- 3.1
General Services Administration	25,000	22,000	20,000	-20.0
National Aeronautics and Space Administration	19,000	18,000	18,000	- 5.3
Commerce <u>1/</u>	28,000	20,000	16,000	-42.9
Labor	15,000	14,000	12,000	-20.0
Energy	14,000	13,000	12,000	-14.3
Housing and Urban Development	12,000	11,000	10,000	-16.7
Environmental Protection Agency	10,000	9,000	8,000	-20.0
Totals	885,000	854,000	838,000	- 5.3

Source: OPM Monthly Release
9/30/80
9/30/81
9/30/82

Figures are rounded to the nearest thousand

1/ See note #8, Table 3.

C. Case Studies

1. Drug Enforcement Administration Case Study

Organization

U. S. Department of Justice, Drug Enforcement Administration (DEA).

Structure Change

Abolishment of regional layer.

Objective

To centralize program direction and administrative support, to enhance overall operating efficiency of DEA, and to improve coordination of law enforcement operations between DEA and the Federal Bureau of Investigation (FBI).

Motivation

As of January 21, 1982 the Director of the FBI was assigned responsibility for the general supervision of drug enforcement matters. FBI and DEA wished to improve their coordination in Federal drug enforcement. Top management direction and budget reductions at DEA also provided motivation.

Time Elapsed

Starting date: January 1982
Completion date: September 1982

Difficulties (Constraints) Encountered

DEA had not reduced internal personnel ceiling levels although budget authority had been reduced over several years. This reduction resulted in a 300 position cutback which affected all categories but impacted clerical and administrative personnel most directly. Eighty persons were separated as a result of reduction-in-force (RIF) or refusal to relocate. There were twelve retirements and ninety downgrades as a result of the RIF. There was some reluctance on the part of field personnel to assume full operational authority.

Several positions downgraded in the RIF have been reinstated to previous levels due to the fact that new drug and crime enforcement initiatives by the Attorney General have reversed the position allocation and program concentration trend of previous years, thus resulting in authorization of new positions (333 so far). In addition, 34 positions are anticipated as an increase in the FY 84 budget and 60 additional positions have been requested in two separate budget supplementals for the Vice President's South Florida Task Force and the border interdiction project.

Operational Effects/Implementation

Reorganization was accomplished by closing the five existing regional offices. Most functions, particularly administrative, were centralized at headquarters. Field elements (19 program division offices and 9 smaller district offices) were put under the direct control of headquarters. Programs directly involved in mission operations, operational and technical support, and planning and inspection were consolidated under three assistant administrator positions which exercise line authority over all offices in their jurisdiction. Functional statements, reporting lines, and organizational documentation was required. Adverse effects on financial and material resources and budget decision units is minor. No legislative changes were required.

Division offices headed by special agents in charge (SAC's) are under the direct supervision of the Administrator. However, in order to insure headquarters control of major field operations, day-to-day direction and guidance will be provided by the appropriate elements of the operations and operational support divisions.

Costs

1. Severance Pay = \$320,000
2. Relocation = \$3.2 million was reprogrammed to cover relocation expenses including housing hunting, trips, moving costs, and relocation of office equipment.

Benefits

1. Close coordination with the FBI
2. Reduction of 300 positions
3. Elimination of one management layer to enhance operational support
4. Policy standardization
5. Direct reporting of field offices
6. Improvement in accountability for administrative and report functions

Savings

1. Office space (retained to accommodate President Reagan's Organized Crime Drug Enforcement subgroup program (OCDE)).
2. Positions: 80 separations
3. Salaries: \$1.5 million (based on average grade GS-7, Step 1, plus 10 percent benefits)

2. Federal Crop Insurance Corporation Case Study

Organization

Department of Agriculture, Federal Crop Insurance Corporation (FCIC)

Structural Change

Closure of 150 county offices

Objective/Motivation

Implementation of the Federal Crop Insurance Act 1980, which provided for a shift to a new sales delivery system that includes using the private insurance sector to deliver the program.

Time Elapsed

Starting date: October 1980
Completion date: January 1982

Implementating Mechanism

Federal Crop Insurance Act 1980 of which specifically mandated the closing of county offices.

Difficulties (Constraints) Encountered

No major difficulties were encountered.

Costs

Data on dollar costs and savings is not readily available. This is largely due to the fact that the office closings were Congressionally mandated, rather than being based on internal analysis.

Benefits

Savings: Reduction of approximately 150 full-time permanent positions.

3. Federal Grain Inspection Service Case Study

Organization

Department of Agriculture, Federal Grain Inspection Service (FGIS)

Structural Change

Elimination of all five regional offices. The number of local field offices was reduced by six; five additional field offices were downgraded to sub-offices. As of January 1983, FGIS had 31 field offices and 9 sub-offices. All of these local field offices now come under the direct line authority of Washington, D.C., headquarters.

Objective/Motivation

Implementation of a change in the Federal Grain Standards Act which provided for the assessment of user fees for inspection services. It was essential that costs be minimized so that user fees could be set at a reasonable level.

Time Elapsed

Starting date: June 1981
Completion date: October 1981

Implementing Mechanism

Revised organization chart dated September 21, 1981 was issued.

Difficulties (Constraints) Encountered

Complexity of personnel procedures involved in:

- a) obtaining approval for reorganization, and
- b) reduction-in-force was an obstacle to timely action.

Costs

Data on dollar costs is not available.

Benefits

Savings: Reduction of \$2.8 million in personnel expenses and 79 full time permanent positions (regional offices only). Had they remained, regional office costs would have grown to over \$3 million in FY 1982.

Results

The agency streamlined its operations at all levels and eliminated a regional structure which was not necessary for effective mission accomplishment.

Comments

This reorganization has implications for other departments and agencies. Prior to reorganization, FGIS performed an exhaustive review of its internal activities. It found that there were huge opportunities for cost savings due to:

- 1) functions being performed which were not authorized by legislation;
- 2) excessive layering of structures and personnel, and
- 3) general overstaffing.

These problems were corrected without any basic change in the agency mission. FGIS was forced to take action because of legislative changes which required the application of user fees to support FGIS operations. The point is that similar situations undoubtedly exist in many other organizations; however, there is no factor which would force them to scrutinize their operations or take aggressive action to reduce costs.

4. Department of Agriculture Case Study

Organization

Department of Agriculture

Structure Change

Colocation of county offices

Objective/Motivation

See Comments

Time Elapsed

Starting date: 1982

Completion date: ongoing

Implementing Mechanism:

1962: Secretary's Memorandum (SM 1492, Establishment of State Administrative Committees, SAC's, for the purpose of implementing Department policy for consolidating offices and common services, specifically administrative support activities)

1972: Rural Development Act of 1972 (mandated additional collocation efforts)

1974: Amendments to Agriculture Regulations (1 Aug 74 guidelines for establishment of Service Centers)

1978: Task Force report on Service Centers

1979: SM 1971 and SM 1977 (new policy objectives based on Task Force report, SAC's become State Coordination and Administration Committees (SCAC's))

1982: SM 1944-2 (Secretary's Policy and Coordination Council to promote strong and effective coordination at the Headquarters level among agencies of the Department)

SM 1943-2 (Food and Agriculture Councils in each state replacing SCAC's)

Difficulties (Constraints) Encountered

GAO Report, 1979: "According to the subgroup, the major problem in achieving colocation is the conflict between USDA's goal -- giving first priority to locating offices in rural areas -- and GSA's goal -- giving first consideration to the central business district of urban centers." (page 26)

Costs

Information not available. See Comments.

Benefits

Savings: Information not available. See Comments.

Results

There were 1678 colocated counties out of 2935 total counties (57%) in 1978; there were 1914 colocated counties out of 3017 total counties (63%) in 1982.

Comments

- a) USDA Stated Policy: It is USDA's policy to operate its field office system as efficiently and effectively as possible. The primary goals for all efforts related to this policy are to:
- i) Reduce the overall size and complexity of the current system;
 - ii) Reduce the cost of operating the current system; and
 - iii) Increase the level of efficiency and responsiveness to the maximum extent possible.

b) GAO Study: Colocating Agriculture Field Office -- More Can Be Done (April 25, 1979.)

Primary focus: Five major farmer-oriented agencies:

Agricultural Stabilization and Conservation Service (ASCS),
Soil Conservation Service (SCS),
Farmers Home Administration (FMHA),
Federal Crop Insurance Corporation (FCIC), and
Cooperative Extension Service (CES)

"At the colocated offices, the agencies are to interchange personnel and facilities to achieve efficiency and provide the most effective assistance in developing rural areas..." (page 1)

"... further improvements need to be made to increase the number of complete colocations and foster greater cooperation and sharing... full colocation in all ... cases may not be beneficial. However, an additional 1,112 counties have the potential to colocate CES or other agencies' field offices with the field offices that are already colocated." (page 8)

"... nearly all the field employees viewed colocation as benefiting USDA clients because it provided the clients a better opportunity to do their business at one site within a county." (page 12)

c) The President's Private Sector Survey on Cost Control Task Force Report on the Department of Agriculture April 15, 1983

Recommendation:

AG 35-1: USDA should more aggressively pursue collocating ASCS, SCS, and FMHA, county offices and consolidating ASCS offices.

Estimated Savings: \$194 million over 3 years

5. Minerals Management Service Case Study

Organization

Department of Interior, Minerals Management Service (MMS)

Structure Change

Creation of new bureau.

Objective

To consolidate related minerals management functions from other parts of the Department into a single, efficient agency with a common mission; to provide greater accountability for mineral royalty collection.

Motivation

Increased awareness of rapid changes in the areas of energy and minerals management, growing need to improve service to the public and recommendations from Linowes Commission (Commission on Fiscal Accountability of the Nation's Energy Resources).

Time Elapsed

July 8, 1981 - Charter of Linowes Commission
September 30, 1982 - Actual transfer of all personnel funds, etc. to newly created MMS.

Implementing Mechanism

Secretary's Order Number 3071, January 19, 1982.

Difficulties Encountered

No major difficulties

Costs

Data on dollar costs is not available.

Benefits

Creation of the new bureau pulled together functions which had been fragmented within the Department. The organizational level of Royalty Management was raised from a branch of a division within a bureau to a major division in a separate bureau. This recognized the importance of the function and improved the potential to serve the public. Duplication was eliminated.

Results

The reorganization not only allowed for grouping similar minerals functions together but for the possible joining of responsibilities (e.g., for land management) and sharing of resources.

6. Bureau of Land Management Case Study

Organization

Department of the Interior, Bureau of Land Management (BLM)

Structure Change

Absorbed responsibility of onshore minerals management and effected major regional restructuring.

Objective

To consolidate onshore mineral leasing functions with those traditional BLM functions which are vital to the successful multiple use management of the public lands.

Motivation

Decision by Secretary Watt to combine onshore leasing with other land management functions.

Time Elapsed

Secretary's Order issued December 3, 1982 - Determination Order transferred functions, personnel, funds, etc., March 16, 1983.

Implementing Mechanism

Secretary's Order Number 3087, December 3, 1982, and Departmental Manual issuance dated April 1, 1983.

Difficulties Encountered

No major difficulties encountered.

Costs

Data on dollar costs is not available.

Benefits

Improved efficiencies in the field structure while consolidating and streamlining onshore responsibilities within BLM.

Results

Closing eight offices, redesignation of six minerals offices to BLM field office configuration, opening one office, establishing Deputy State Director for Minerals Management position and an Assistant District Manager for Minerals position to place additional emphasis on BLM's onshore minerals responsibilities.

7. Heritage Conservation and Recreation Service Case Study

Organization

Department of the Interior, National Park Service (NPS)
and Heritage Conservation and Recreation Service (HCRS)

Structure Change

Abolished HCRS and transferred major functions to NPS. The HCRS field structure was consolidated by merging Regional Offices with NPS Regional Offices in six cities where the offices were colocated and by transferring staff from Albuquerque to Santa Fe and Ann Arbor.

Objective

Consolidate similar historic preservation and recreation functions within one bureau.

Motivation

This action was undertaken to eliminate overlapping, duplicative and parallel efforts in order to achieve economies in the utilization of funds, personnel and equipment.

Time Elapsed

Starting date: May 1981
Completion date: January 1982

Implementing Mechanism

Secretary's Order 3060 - Consolidation of Heritage Conservation and Recreation Service functions into the National Park Service.

Difficulties Encountered

Problems were encountered in integrating personnel from certain former HCRS functions into fully staffed NPS functions with similar responsibilities.

Costs

Data on dollar costs is not available.

Benefits

Information is not available on savings.

Results

The consolidation effort has been successfully completed and NPS is providing consistent and better coordinated policy and program implementation.

8. Fish and Wildlife Service Case Study

Organization

Department of the Interior, Fish and Wildlife Service

Structure Change

Phased out all 18 area offices and placed functions in the regional and field offices.

Objective

Shorten the chain of command from headquarters and regional offices to field stations and increase operational responsibility and accountability.

Motivation

Elimination of a management layer.

Time Elapsed

Approximately 18 months. Fully completed on January 1983.

Implementing Mechanism

Director's memorandum and subsequent Departmental Manual release.

Difficulties Encountered

General logistical complexities of relocation of personnel; adaptation to a revised management structure and system.

Costs

Cost data not available.

Benefits

Future savings in management operations will help support field stations.

Results

Other Comments

Area offices employed 190 people and had a \$6 million budget.

9. Bureau of Indian Affairs Case Study

Organization

Department of the Interior, Bureau of Indian Affairs (BIA), Office of Indian Education Programs

Structure Change

Transfer of BIA day schools in Alaska to the State of Alaska.

Objective

To ensure the provision of the best possible educational services to Alaskan Native students through a unified school system by transferring jurisdiction and responsibility for program management to the state level.

Motivation

To achieve a single school system in the State of Alaska.

Time Elapsed

The first of the Alaskan Day schools to transfer from BIA jurisdiction to the State of Alaska occurred in 1938. However, transfer activities were escalated in 1980-82 with the transfer of 21 schools to the State of Alaska, seventeen of which were 1982 transfers.

Implementating Mechanism

Agreement between the Bureau of Indian Affairs and State of Alaska.

Difficulties Encountered

No major difficulties have been encountered.

Costs

Costs of the transfer have not been calculated, but they are minimal. Such costs would include staff time in negotiating with the State of Alaska, severance pay to employees terminated, and time spent in consultation with village governments.

Benefits

The transfer of 17 day schools to the State in FY 1982 has benefitted the government by \$5.9 million; that is, the Bureau of Indian Affairs did not have to request that amount of funding in its FY 1983 budget. Because of the 1982 action the Bureau of Indian Affairs has 17 fewer day schools in Alaska to administer in FY 1983.

Results

The Bureau of Indian Affairs' day schools were successfully transferred to the State of Alaska with a probable transfer of the remaining 20 day schools anticipated.

Other Comments

The transfer of the day schools from federal jurisdiction to the State of Alaska is in accordance with the State's identified responsibilities for educating all citizens in the State of Alaska.

10. Office of Surface Mining Case Study

Organization

Department of the Interior, Office of Surface Mining (OSM)

Structure Change

OSM reduced its number of field offices from 42 to 22 in conjunction with the aggressive OSM program of transferring the mined land inspection authority to the states.

Objective

Transfer inspection authority to states with approved inspection programs and consolidate and streamline the field structure to carry out the lessening on-site role of the federal government.

Motivation

Reduce role of federal government in on-site inspection of mined lands in states with approved inspection programs. Also, create an appropriate field organization that will better enable OSM to implement the Surface Mining Control and Reclamation Act (SMCRA) and thus provide technical assistance for, and oversight of, the state programs and inspections for those few states without approved programs.

Time Elapsed

- 1977 - The SMCRA was enacted.
- 1981 - The first of the current 24 states assumed inspection responsibility. The reorganization was initiated in conjunction with the changing roles of the OSM and the state governments.
- 1982 - The new field structure is fully operational. Only a few states have not assumed responsibility for mined land inspection.

Implementing Mechanism

Secretary's Order 3065 of 1981 implemented the realignment and reassignment of certain functions and responsibilities in OSM. The enactment of SMCRA of 1977 created OSM with the responsibility of ensuring that the nation's increased use of coal would not result in unnecessary degradation of its land and water resources.

Difficulties Encountered

Problem experienced with the transfer of authority.

- o Assuring that state reclamation agencies have adequate staff and resources to carry out an effective program.

Problem experienced with the reorganization of the field structure.

- o Employee morale concerns due to transfers and other job actions.

Costs

The reorganization of the field structure was the primary mechanism to help bring about the successful transfer of authority to the states. The cost of implementing the reorganization was \$2.4 million, through FY 1982.

Benefits

At the end of FY 82 the savings were \$6.1 million in personnel, facilities, equipment, travel, etc., and a 40 percent reduction in authorized OSM field positions.

Results

The reorganization has been successfully implemented and the states are being provided improved support for their mined land inspection program. The reorganization has been a key component in transferring responsibility to the states.

11. Fish and Wildlife Service Case Study

Organization

Department of the Interior, Fish and Wildlife Service

Structure Change

Closure/transfer of 20 of 89 fish hatcheries in FY 83; twenty-four additional hatcheries proposed for closure/transfer in FY 84 subject to Congressional approval.

Objective

Reduce duplication of state and Federal activities by closing/transferring hatcheries contributing more than half of their production to water owned or managed by states.

Motivation

Desire to reduce the budget.

Time Elapsed

Proposal was presented as early as ten years ago. Significant action began in FY 82; now ongoing.

Implementing Mechanism

FY 83 budget.

Difficulties Encountered

Issue of closing/transferring some hatcheries has become politically sensitive both at the Congressional and local levels. For example, 31 hatcheries were proposed for closure/transfer in FY 83. Congress reduced the number to 20.

Costs

Closure costs of \$1.7 million projected for FY 83; \$1.6 million for FY 84.

Benefits

Cost savings of \$1.9 million projected for FY 83; \$1.6 million for FY 84.

Results

Five have now been transferred to the states, two to the Bureau of Indian Affairs. Negotiations with the states are ongoing for the remainder.

Comments - States have been given the opportunity to assume the operation of hatcheries that the Federal government has proposed to close. Efforts will now be focused on the remaining national hatcheries on high priority Federal fishery responsibilities.

12. Office of the Solicitor Case Study

Organization

Department the of Interior, Office of the Solicitor

Structure Change

Reorganization of field structure

Objective

To improve upon the utilization of resources within the Solicitor's Office and provide better legal service to client agencies.

Motivation

Congressional Appropriation Reduction

Time Elapsed

Starting date: January 1983
Completion date: May 2, 1983 (implementation)

Implementating Mechanism

Chapter III, Departmental Manual, 3/1/83

Difficulties Encountered

No major difficulties.

Costs

Data on dollar costs is not available.

Benefits

Lowered overall costs and provide better legal services to client agencies.

Results

Closing of six offices and opening one.

13. Fish and Wildlife Service Case Study

Organization

Department of the Interior, Fish and Wildlife Service

Structure Change

Reduced the number of law enforcement districts from 12 to 7.

Objective

To make law enforcement districts coincident with regional boundaries.

Motivation

Improve supervision and coordination.

Time Elapsed

Completed at end of FY 82.

Implementing Mechanism

Director's memorandum

Difficulties Encountered

No specific difficulties were encountered. The public was informed of the move.

Costs

Data on dollar costs is not available.

Benefits

The span of supervision was tightened and the number of upper level managers was reduced.

Results

The force is now smaller. The 12 districts were set up to accommodate 240 agents. Now with 7 districts this has been reduced to 200 agents.

14. Administration for Native Americans Case Study

Background

The Administration for Native Americans within the Office of Human Development Services, Department of Health and Human Services, represents the concerns of American Indians, Alaskan Natives, and Native Hawaiians. The Administration has primary responsibility for developing policy, legislative proposals and guidance on matters involving the social and economic development of Native Americans. The Administration carries out its functions by awarding grants and interacting with other components of Health and Human Services and with other Federal agencies to identify ways to promote the social and economic well-being of Native Americans.

Administration for Native Americans programs and policies foster a balanced developmental approach at the community level through three major goals:

- o To develop or strengthen tribal governments, local decision-making and Native American leadership
- o To encourage development of stable, diversified local economies or economic activities which provide jobs, promote economic well-being and reduce dependency on welfare services
- o To support local control and/or access to and coordination of programs and services which safeguard the health and well-being of people and which are essential to a thriving and self-sufficient community.

Prior to December 1981, the Administration had ten regional offices located in the ten standard regional headquarters cities. (Please note that the Department of Health and Human Services operates under the standard regional structure of OMB Circular A-105.) These offices were responsible primarily for making grant award decisions for non-Federally-recognized tribes and groups. Headquarters staff retained the authority for making award decisions for Federally-recognized tribes and groups.

Organizational Change

In December 1981, in response to a review of full-time equivalents resources for the Office of Human Development Services and program management considerations, the Secretary approved a reorganization of the regional structure which:

- o Assigned all functions of Regions I - VIII to headquarters, and
- o Transferred the functions of Region IX to Region X

The result is that the Administration has one regional office located in Seattle. The regional office staff represent the interests of Native Americans in that region and Region IX, and report to the Regional Administrator for Human Development Services. Seattle staff are authorized to make grant award decisions for grants to non-Federally-recognized tribes and groups throughout Regions IX and X and to Federally-recognized tribes or groups in Alaska. Headquarters staff retains the authority to award grants to Federally-recognized tribes or groups, nationwide, except in Alaska, and to non-Federally-recognized tribes or groups outside Regions IX and X. In the view of the program, this approach best satisfies the need to ensure nationwide consistency of program operations and serve effectively the concentrations of Native Americans in the western states.

Effect of Change in Personnel

In addition to realigning functions, the reorganization reduced staffing in the regional offices and reduced the headquarters staff.

	<u>Staffing prior to transfer</u>	<u>Staffing after transfer</u>
Headquarters	55	41
Regions (I-IX)	9	0
Region X	2	4 (in Seattle, serving Regions IX and X)

Result of Reorganization

The reorganization has produced a smaller overall staff located primarily at one site (headquarters) to insure uniformity of policy and procedures, with a smaller field staff to serve populations concentrated in the regions.

Transferability to Other Agencies

The reorganization of the Administration for Native Americans is a potential model for replication by other agencies with a client population which is concentrated in particular regions. For Health and Human Services, the reorganization consolidated many small offices into one headquarters-administered operation and left a field office to respond to the largest client populations to be served.

15. Health Care Financing Administration Case Study

Since the inception of the Medicare Program in 1966, Health Care Financing Administration (HCFA), Department of Health and Human Services, has contracted out claims processing operations to the private sector. The decision to contract out rather than develop an in-house operation was primarily because the function was already being performed by the private sector. HCFA, recognizing that the expertise could not be found in the Federal government, contracted the function out to insurance corporations. The present statute states that the claims processing function will be contracted out on a non-competitive bid. Approximately 20,000 contractor employees perform the duties, which are mostly systems oriented, since the operation is highly automated. Two hundred million claims will probably be processed this year and an estimated 230 million are expected for 1983. HCFA continues to oversee the claims processing operation through development of policy, regulations, operating and procurement practices, and elimination of high priced insurance corporations. HCFA's present budget is 800 million dollars.

16. Use of New Technology Case Study

Organization

Federal Aviation Administration (FAA), Department of Transportation

Structure Change

Enhanced automation of terminal air traffic control

Objective

Maintaining a high level of safety while improving productivity and efficiency; reducing the need for additional positions and minimizing FAA operations costs.

Motivation

Stabilize or decrease staffing levels; 1981 controllers' strike; planning emphasis from management

Time Elapsed

Starting date: 1970's
Completion date: 2000

Difficulties Encountered (Constraints)

Yearly budget cycle, computer approvals.

Costs

Computers, systems analysis, direct radar access radar channel, automated radar tracking systems, electronic tabular displays, advanced automation, direct user access.

Benefits

Improved productivity

Savings

Savings are a result of a combination of office overhead reduction and automation

Positions

- 1985 - 100 positions due to utilization of Direct Access Radar Channels or computer display backup (DARC)
- 70 positions as a result of installing Automated Radar Tracking Systems (ARTS II A)
- 1986-1992 - 1100 positions savings from model two Flight Service Station Automation

1990 - 800 positions due to electronic tabular display of flight data

1992-2000 - 2500 positions from advanced automation and automated enroute air traffic control (AERA)

Sources: Air Traffic, Airway Facility and Advanced Automation personnel and the FAA National Airspace System Plan, April 1983.

Return on the Investment

As a result of these planned actions, an upgraded en route air traffic control system will have been implemented. This will serve as the basis for significant improvements in air safety and will provide the reliability and flexibility necessary for further automation. These system improvements will allow for some reductions in maintenance staffing and a substantial decrease in the number of air traffic controllers.

Field Employment

During the next 20 years, the en route system will undergo changes in hardware, software, and plant improvement. That will reduce both Air Traffic personnel requirements by 63 percent and Airway Facilities personnel requirements at FAA field facilities by 49 percent by the year 2000.

Summary of Facility Changes

1981 - Present Airway Facilities (AF) and Air Traffic (AT) employment for 207 facilities require a total of 13,649 people.

1985 - Consumption will be reduced by changeover of facilities from tube-type to solid-state devices and by facility consolidation.

1990 - Air Traffic employment will decrease to 9,300 because of conversion to a host computer, enhancement of direct access radar channel (DARC), and transfer of 28 nonradar approach control facility functions to air route traffic control centers. Airway Facilities employment will decrease slightly due to input/output device automation hardware improvements and removal of broadband radar equipment. Changeover of facilities from tube-type to solid-state and facility consolidation will continue. Also, plant equipment will be improved. Thus, a total AT and AF work force of 5,337 will be required to operate and support 1,275 facilities.

2000 - Further reductions occur due to final system improvements.

17. Health Care Financing Administration Case Study

The responsibility for the certification of hospitals or clinics involved with the Medicare Program was contracted out to states by Health Care Financing Administration (HCFA), Department of Health and Human Services, in 1966, the start of the program. States already do their own certification of service providers. The Federal government provides the states with Federal regulations, requirements and policies to conduct Federal surveys. Section 1864 of the Social Security Act establishes survey procedures. There are two parts to the survey: 1) states conduct a survey of the medical facilities and make a recommendation of compliance for certification, and 2) HCFA regional offices review the recommendation and make a decision for certification. States do not have the authority to certify but generally 99 percent of all recommendations are accepted by the regional offices. Surveys are conducted annually to review safety requirements for staffing, quality of care and facilities. HCFA does have the authority to review and override any recommendation of a facility made by the state. HCFA does not incur the full cost because the state is doing the surveys anyway.

18. New Technology Case Study

Organization

Health Care Financing Administration (HCFA), Department of Health and Human Services.

Structural change

Installation of teleconferencing capability.

Objective/Motivation

The need to reduce administrative costs but maintain mission effectiveness; explored concept of teleconferencing.

Time Elapsed

Starting date: February 1982
 Completion date: June 1982

Difficulties (Constraints) Encountered

No major difficulties.

Costs

Installation and construction costs to prepare sites for teleconferencing are nonrecurring costs and were amortized over the life of the system, 60 months.

Construction costs:	\$21,413
Installation costs:	<u>10,305</u>
Total	\$31,718

\$31,718 amortized over 60 months equals \$528 a month.

No additional personnel costs were incurred since HCFA utilized existing personnel.

Costs to date:

Construction and Installation	\$ 4,224 amortized
Equipment Losses:	<u>92,397</u>
Total	\$96,621

Benefits

<u>Savings</u>	
\$125,000	Travel costs savings (transportation and per diem expenses)
<u>+100,000</u>	Productivity savings (salaries of managers on travel)
\$225,000	Total Savings
<u>- 96,000</u>	Total Expenditures
\$129,000	Net Savings

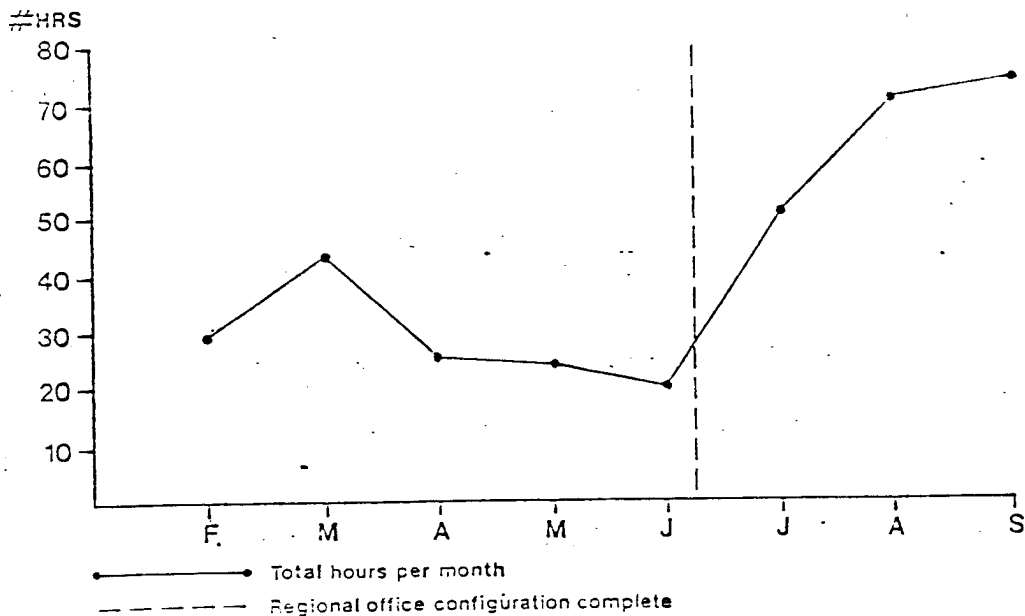
Other benefits realized by HCFA:

- o 5.14 percent reduction in travel expenditures;
- o increased productivity as a result of the man-hours of travel time and paperwork eliminated annually;
- o a cost-effective, efficient and timely means of disseminating information throughout HCFA;
- o reduction of workflow disruption due to travel;
- o energy conservation as a result of a decrease in travel;
- o opportunity for increased attendance at meetings; and
- o elimination of safety hazards due to travel displacement.

Use of HCFA's Teleconferencing System

<u>Month</u>	<u>Total Calls</u>			<u>Total Hours</u>			<u>Demonstrations and Training Sessions</u>
	<u>DC</u>	<u>Regions</u>	<u>Total</u>	<u>DC</u>	<u>Regions</u>	<u>Total</u>	
February	13	14	27	13	16	30	10
March	30	19	49	22	20	43	19
April	7	16	23	8	18	26	3
May	3	19	22	2	22	24	1
June	3	15	18	4	17	20	0
July	16	25	41	18	33	51	5
August	22	41	63	28	43	70	6
September	25	32	57	38	37	75	12
Total	119	181	300	133	206	339	56

The above information portrayed graphically is as follows:



One of HCFA's goals is to reach an average system usage of 4 hours per day. The following data indicates their progress toward realization of this goal.

<u>Month</u>	<u>Business Days/Mo.</u>	<u>Hrs. Usage/Mo.</u>	<u>Av. Hrs. Usage/Day</u>
February	16*	30	1.9
March	23	43	1.9
April	22	26	1.2
May	20	24	1.2
June	22	20	.9
July	21	51	2.4
August	22	70	3.2
September	21	75	3.6

*Based on an initial system usage date of February 4, 1982.

Installation of the regional office equipment was not completed until June 7, 1982. It is noteworthy that system usage in the three succeeding months increased significantly. In addition, the Washington, D.C., teleconferencing room was moved, upgraded, and officially available for use on August 15, 1982..

19. Maritime Administration Case Study

Organization

Maritime Administration, Department of Transportation

Structural change

Consolidation and centralization of offices and activities

Date

1982

Description

The Maritime Administration (MARAD) has taken various actions to consolidate or centralize offices and activities to increase the efficiency of the organization. Consolidation of Western Region area office functions provided salary savings and savings from reductions in office space, utilities, and administration overhead totalling \$195,000 annually. Centralization of ship operations activities in Washington, D.C. saved three positions and \$120,000 annually. Reduction of overhead regional staffing through reorganization of regional headquarters and consolidation of deputy region director functions provided an additional annual savings of \$290,000. Centralization of MARAD's administrative activities from the regions into its Washington, D.C. headquarters allowed cost savings of \$749,000 annually without adverse affect on the organization's ability to carry out its mission or services to the public. Savings from these consolidations total \$1.35 million annually.

20. Maritime Administration Case Study

Organization

Maritime Administration, Department of Transportation

Structural change

Transfer of Radar Training Schools to non-Federal operation

Date

June 12, 1982

(Potential) Impact

At the beginning of FY-1982, MARAD operated radar training schools in New York City, Toledo, New Orleans, San Francisco and Seattle. The schools provided radar and other navigational safety training to U. S. Merchant seamen.

In support of the President's program to reduce Federal spending and to return services and functions to more appropriate state, local or private control, and as part of meeting 1982 ceiling reductions, MARAD transferred the operation of its radar schools to non-Federal organizations. Dollar benefits include the savings of salaries and benefits, and other operating and replacement costs.

Savings Realized or Anticipated

\$875,000 annually

21. Federal Railroad Administration Case Study

Organization

Federal Railroad Administration, Department of
Transportation

Structural change

Transfer of management of the Pueblo test facility to
private sector

Date

1980 - 1982

Description

The Transportation Test Center in Pueblo, Colorado, was managed by the Federal Railroad Administration for the testing and evaluation of railroad car and railroad track designs. This test facility was transferred to the Association of American Railroads in October 1982. The transfer resulted in the reduction of personnel from 45 employees to one employee at a cost savings of \$1.5 million.

D. Interviews

Interviews were conducted by Sub-group members and staff as follows:

Agency/Management Official	Date
Small Business Administration Bob Turnbull Association Deputy Administrator for Resource Management	4/13
Department of Energy Harry Peebles Deputy Director for Administration	4/15
Department of Justice Kevin D. Rooney Assistant Attorney General for Administration	4/15
Veterans Administration Dennis M. Kenneally Associate Deputy Administrator for Administration	4/22
Department of Education Charles L. Heatherly Deputy Undersecretary for Management	4/22
Department of Labor Betty Bolden Deputy Assistant Secretary for Administration and Management	4/26
Corps of Engineers General Heiberg, Deputy Chief of Engineers General Albro, Deputy Chief of Engineers, designate Col. Tener, Chief, Resources Management	4/28
National Aeronautics and Space Administration Ann P. Bradley Acting Associate Administrator for Management	4/29
Department of the Treasury Cora P. Beebe Assistant Secretary for Administration	4/29

E. Agency Data

Data submissions and/or descriptions of field structure and actions to streamline field structures taken in response to budget reductions were received from the following agencies:

Department of Health and Human Services
Department of Agriculture
Department of the Treasury
Department of the Interior
Department of Transportation
Department of Justice
Corps of Engineers
General Services Administration
National Aeronautics and Space Administration
Department of Commerce
Department of Labor
Department of Energy
Department of Housing and Urban Development
Small Business Administration
Department of Education

REPORT OF THE
COMMON ADMINISTRATIVE SERVICES TEAM
FEDERAL FIELD STRUCTURE WORKING GROUP

Chaired by

Arlene Triplett

Assistant Secretary for Administration

Department of Commerce

July 1983



UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Administration
Washington, D.C. 20230

AUG 4 1983

Gerald Carmen
Administrator
General Services Administration
Washington, D.C. 20405

Dear Mr. *Carmen*:

Thank you for inviting me to participate in the Cabinet Council on Management and Administration's Federal Field Structure Study and for asking me to Chair the Interagency Task Team on Common Administrative Services. The assignment was most challenging and I hope we have contributed by presenting information that will be useful in supporting actions to cut costs and improve program delivery by the Federal Field Structure.

We look forward to providing whatever additional assistance is appropriate as you proceed with implementation actions reflected in this report of the Common Administrative Services Team.

Sincerely,

Arlene Triplett

Arlene Triplett
Assistant Secretary
for Administration

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INTRODUCTION

In March, 1983, the Cabinet Council on Management and Administration (CCMA) established a Federal Field Structure Working Group, chaired by GSA Administrator Gerald Carmen, to review policies, legislation, current practices and resources of Federal Field organizations. Based on this review, the Working Group was to develop policy options and propose actions which would result in cost savings and improvements in service delivery.

Three Interagency Task Teams were created to carry out this review:

- o Organization and Staffing - directed by Charles S. Davis III, Associate Administrator for Policy and Management, GSA;
- o Policy - directed by James Kelly, Deputy Associate Director for Management Reform, OMB; and
- o Common Administrative Services - directed by Arlene Triplett, Assistant Secretary for Administration, Department of Commerce.

This report describes the study of common administrative services directed by Mrs. Triplett. It summarizes the major findings and presents recommendations for future actions. A brief description of the background of this project, the methodology, and caveats are included as Attachment A.

FINDINGS

Administrative support, broadly defined, encompasses a substantial portion of total field employment. Data reported by the Agencies, supplemented by information obtained from the Office of Personnel Management, indicated that there are over 220,000 employees engaged in various common administrative services (See Table 1). These employees are clustered in several States and Standard Metropolitan Statistical Areas (SMSAs).

This study focused primarily on four areas - personnel, procurement, administrative payments, and administrative services. These four functions represent 42% of the total (See Table 2).

Provision of common administrative services within Departments is the exception rather than the rule. Operating components within Departments have established separate administrative fiefdoms that operate in isolation from other parts of the government and even from other parts of their own Department. This often results in considerable inefficiency in the delivery of administrative support.

Many cities serve as multiple sites for the provision of personnel services, procurement support, and payments of administrative transactions (See Table 3).

COMMON SERVICES

Function	Number of Employees Total	Number of Employees Field
Personnel	13,367	8,599
Procurement/Supply	10,497	7,860
Finance/Budgeting	25,271	16,939
Information/Data Systems	44,863	26,797
Property	5,289	4,939
Transportation	6,432	5,598
Communications	25,509	10,504
Legal	36,211	26,915
General Services	35,026	35,354
Office/Clerical Support	109,967	76,671
FINAL TOTALS	312,432	220,176

-3-

TABLE 1

TABLE 2

COMMON ADMINISTRATIVE FUNCTIONS

<u>Function</u>	<u>Number of Offices</u>	<u>Number of Employees</u>
Administrative Services	1,287	76,910
Administrative Payments	192	2,705
Personnel	869	8,901
Procurement	515	4,478
TOTAL	2,863	92,994

COMMON ADMINISTRATIVE SERVICES

Function	Cities With:			
	> 1 Office	> 4 Offices	> 9 Offices	> 14 Offices
Personnel	90	24	6	2
Procurement	65	19	9	-

There are more than 90 cities in the country with two or more servicing personnel offices. There are 65 cities with two or more procurement offices (with more than \$10,000 authority). Five Departments have twenty or more administrative payments offices. In Portland, Oregon there are 18 personnel offices and 12 procurement offices. In the Denver area there are 27 personnel offices, 24 procurement offices, and 18 payment offices -- 69 support offices in total.

There are economies of scale in the delivery of administrative support. The data clearly show that larger offices are more efficient. There is a strong correlation between level of productivity and the size of the personnel, procurement, or payments office. The following analyses of each of these functional activities clearly illustrate this point.

PERSONNEL

In the Departments surveyed, there are almost 9,000 personnelists in almost 900 offices servicing over 500,000 Federal employees around the country. In FY 1982, they processed more than 140,000 accession actions. Information was analyzed by Department, by operating component therein, and by State. As Table 4 shows, there is a direct correlation between the size of a personnel office and its relative efficiency. Those offices that serve

TABLE 4

PERSONNEL SERVICES

Employees Served	No. of Offices	No. of Personnelists	Average No. of Employees Served Per Personnelist
1- 250	485	1,239	36
250- 750	216	1,871	48
750-1,500	72	1,434	53
1,500-3,000	57	1,787	70
3,000+	39	2,570	75
TOTAL	869	8,901	59

Proposed Standard - Since approximately 50% of the Government Personnelists service an average of 70 to 75 employees, a ratio of 1:72 would seem reasonable as a proposed standard.

between 1,500 and 3,000 Federal employees are almost twice as efficient as those that serve less than 250 employees. While the government-wide average of employees serviced per personnelist is 59 to 1, there are more than 750 offices that fail to meet this standard. However, there are almost 100 that surpass it by a substantial amount. Those offices that have achieved a "critical mass" of more than 1,500 employees serviced operate at a much higher level of productivity. If a ratio of 72 to 1 were adopted as a minimum standard - and it seems that this is readily achievable - and all servicing personnel offices were required to meet this standard, the Federal government could save nearly 1,700 personnel positions and approximately \$42,000,000. (Note: assumes average salary, benefits, and overhead of \$25,000 per year per employee).

PROCUREMENT

There are almost 4,500 procurement employees in over 500 offices around the country. In FY 1982, they processed 2 million actions - almost \$1.5 billion in small purchases and almost \$15 billion in contracts (\$10,000 and above). Once again the data indicated that the larger offices were more efficient (See Tables 5 and 6). Those offices that processed more than 1,000 small purchases were seven times more efficient than those that did less than 500 small purchases. Those offices that process more than 2,500 small purchases were more than twenty times more

TABLE 5

PROCUREMENT SERVICES
(Contracts)

Number of Contracts	No. of Offices	No. of Employees	Average No. of Contracts Processed Per Contract Specialist
0- 25	261	288	7
26- 50	59	145	15
51-200	134	536	24
201-250	13	85	34
251+	51	1,051	45
TOTAL	515	2,105	32

Proposed Standard - Since over 50% of the employees currently process 45 contracts per year, a ratio of 1:45 would appear to be a reasonable target.

TABLE 6

PROCUREMENT SERVICES
(Small Purchases)

Number of Small Purchases	No. of Offices	No. of Employees	Average No. of Small Purchases Processed Per Purchasing Agent
0- 500	142	450	50
501-1,000	87	365	175
1,001-1,750	83	299	374
1,751-2,500	53	185	607
2,501+	150	1,075	1,045
TOTAL	515	2,373	606

Proposed Standard - Since approximately 50% of the employees process in excess of 1,000 transactions per year, a ratio of 1:1,000 seems achievable.

efficient than the smallest offices. The same situation applies in handling contracts (\$10,000 and above). Those offices handling more than 50 contracts or contract amendments were more than three times more efficient than those that processed less than 25. The largest offices, those that handled more than 250 contracts per year, were more than six times more efficient than the smallest ones.

The government-wide average of contracts processed per procurement specialist is 32 to 1. More than 450 offices fail to meet this standard. However, the 64 offices that meet or exceed the average contain just about half the contract officers in the country. Similarly, for small purchases, over 300 offices fail to reach the government-wide average of 606 purchases per procurement specialist. But over 200 offices meet or surpass this average; and almost half the purchasing agents exceed the average by more than 60 percent.

The fact that so many procurement staffers are functioning at levels far higher than the mean argues for setting the standard at this level - 45 contracts or contract amendments per year per contract specialist and 1,000 small purchases per purchasing agent. If these ratios were adopted as minimum standards and all contracting offices were required to meet them, the Federal government could save almost 1,600 procurement positions and approximately \$39,600,000.

ADMINISTRATIVE PAYMENTS

Almost 200 administrative payments offices, with more than 2,700 employees, make various kinds of payments to vendors for travel, transportation, utility, and small purchase transactions around the country. In FY 1982, these offices made 5 million payments for a total of \$13 billion.

An economy of scale factor also exists in the administrative payments area. Those offices that process over 50,000 transactions per year are on the average more than three times as efficient as those that process from 1 to 20,000 (See Table 7). These offices clearly demonstrate the benefits that can accrue through the use of automated systems and streamlined processes.

With a standard of 2,400 payments per employee, a norm that is currently being exceeded by at least 20 offices, the Federal government can save about 1,000 positions and approximately \$25,000,000 per year. This should be established as an immediate objective. A longer-range goal of 3,000 payments per employee is demonstrably attainable through enhanced systems.

TABLE 7

ADMINISTRATIVE PAYMENTS

Transactions	Offices	Employees	Payments Processed Per Employee
1- 5,000	98	389	495
5,001- 20,000	56	692	948
20,001- 50,000	21	533	1,306
50,001-250,000	15	611	2,299
250,001+	1	480	4,358
TOTAL	191	2,705	1,864

Proposed Standard - Since there are now at least 20 offices annually exceeding 2,400 payments per employee and some by a larger number, it appears that a ratio of 1:2,400 would be fully reasonable. This standard may be raised to three to four thousand as soon as automated processes are implemented.

ADMINISTRATIVE SERVICES

Administrative Services is a broad area that encompasses many of the specific functions carried out by the General Services Administration (GSA). The area included five sub-functions: supply, property, transportation, communications, and general services (See Table 8).

There are over 75,000 administrative services personnel in almost 1300 offices serving Federal employees around the country. A full review should be conducted of the Administrative Services area to determine current productivity, identify specific problems, and recommend solutions. Performance standards and output indicators like those for personnel, procurement, and payments should be developed. The opportunities for savings in this may be even larger than the other areas reviewed in this report.

RECOMMENDATIONS

The evidence from this study is very strong. There are major opportunities for substantial savings in administrative support activities in the Federal Field Structure. By applying realistic performance standards and establishing common support arrangements for field activities, the Federal Government can dramatically reduce unnecessary and duplicative overhead and

TABLE 8

ADMINISTRATIVE SERVICES

<u>Function</u>	<u>No. of Employees</u>
Supply	4,024
Property	4,922
Tansportation	6,346
Communications	14,072
General Services	47,546
TOTAL	76,910

support costs. In the functional areas reviewed there is an opportunity for savings of over 4,300 positions and \$107,000,000 at the minimum. These figures do not include such additional overhead as telephone charges, travel, or space. Moreover, the three areas reviewed represent a small portion of the total administrative staffs in the field. There is reason to assume that opportunities exist for even larger savings in other administrative functions.

The standards suggested are realistic and attainable. Many offices and support personnel are already functioning at or above these levels. It is an opportunity to achieve major savings by emulating good practices that exist in many parts of the field structure.

Based on the findings from the review, the following specific recommendations are offered:

- o That an Executive Order or Presidential memorandum on Federal field structure be issued, enunciating the Administration's policies, goals, and objectives;
- o That a CCMA directive be sent to the heads of Departments, requiring the study of agency field structures against

established criteria. Every Cabinet officer would be asked to initiate immediately a zero-based review of their administrative field structure;

o That the standards noted earlier be adopted as government-wide minimums and all servicing offices be required to meet them. These standards are:

- One personnelist for every 72 employees;
- One contract employee for every 45 contracts (over \$10,000) or contract amendments;
- One contract employee for every 1,000 small purchases (under \$10,000); and
- One employee for every 2,400 administrative payments processed.

o That the head of each Department review its administrative field structure and submit the study results and an action plan to implement needed changes to the Cabinet Council on Management and Administration (CCMA) by October 15, 1983. To assist them in this effort, each Department will be provided with their portion of the data gathered in this review and the current status of their Department against the new standards;

o That a CCMA-directed interagency study be undertaken of common administrative support services. This study would be designed to identify existing successes which could be expanded to serve as Pilot Administrative Support Centers (ASCs). These prototype ASCs would be created to demonstrate the advantages of shared services and the savings from economies of scale. The prototypes would be small, established quickly, built on existing organizations, host-operated, and evaluated at the earliest practical time. Several alternative structures exist.

- Functional - Provide procurement services to all field installations in a designated geographic area. Build around a strong existing office;
- Organizational - Require one or more decentralized Departments, which currently provide administrative support from many locations, to consolidate such support to all Departmental employees in a specified geographical area;
- Geographical - Departments with functioning Centers which provide the full complement of services could provide administrative support for other Federal entities within a specified region; and

Such Centers should be established by April 1, 1984.

- o That a full review should be undertaken of the Administrative Services functions not covered in this study.

If these initiatives are to succeed, it will require a committed and coordinated effort on the part of the Executive Branch and the Congress. These are initiatives that can result in major savings and improved service without affecting program delivery or requiring the closing of field offices. We cannot afford to miss such a unique opportunity to improve management across the Federal government.

APPENDICES

ATTACHMENT A

BACKGROUND

At the present time, administrative support in the field is being provided in a fragmented manner - Department by Department and, in many cases, separately for each organizational component of a Department. In some large decentralized Departments, for example, there are scores of field offices with delegated procurement or personnel authority. This results in numerous metropolitan areas in the nation with more than one Federal service office. While such arrangements may serve Departmental or Bureau needs, service is being provided at a high cost in terms of efficient use of resources.

At the other extreme, administrative support for field employees in some Departments comes largely from Headquarters' units in the National Capital Region. Personnel actions, space requests, and procurement documents are prepared in the field and sent to Headquarters for review, approval, and processing. This occasionally results in long delays, difficulties in resolving questions, communications problems -- poor service to Federal employees in the field.

Finally, some Departments have taken steps to share or combine administrative support systems. The Department of Health and

Human Services provides regionally centralized administrative support services through Regional Administrative Support Centers located in the ten designated regional headquarters' cities. Within the Department of Agriculture, the Animal and Plant Health Inspection Service has consolidated administrative operations at a Field Servicing Office in Minneapolis, Minnesota. Cross-servicing arrangements exist within (and between) several Departments. For example, the Bureau of Mines in the Department of Interior provides support to the Fish and Wildlife Service to operate its financial management information system.

METHODOLOGY

The study began with an intensive "scoping" phase to define key terms, narrow the focus of the review, and develop a data instrument. The data gathering effort included the following Departments which have the largest field structures:

Defense (civilian only)	Corps of Engineers
Veterans Administration	General Services Administration
Health and Human Services	NASA
Agriculture	Commerce
Treasury	Labor
Interior	Energy
Transportation	HUD
Justice	Education

No response was received from the Veterans Administration. The Defense Department and the Corps of Engineers data were excluded from the study. Thus, information was received from only 13 Departments. These Departments constitute 25% of total executive branch civilian employment in the field.

Information was gathered on four administrative functions (detailed definitions may be found in Attachment C):

Administrative Payments

Procurement

Personnel

Administrative Services

A number of other administrative functions were reviewed but excluded from this study. These included budget, management analysis, payroll and personnel systems, planning and evaluation, information management (ADP), public affairs, congressional affairs, general counsel, executive secretariat, and others (e.g., special assistant, administrative assistant, etc.). The criteria applied in making the determination about inclusion were:

Cost/benefit (i.e., where did there appear to be the greatest potential for integration, consolidation, or coordination);

Ease of definition (i.e., could the function be specifically defined);

Is the function currently being performed on a cross-servicing basis;

Is the function too closely related to program management; and

Is the function already being reviewed by another group with a view toward greater centralization/consolidation (e.g., Reform 88 review of payroll/personnel systems and OMB/JCP study of printing and duplicating).

Key terms and administrative functions were defined and a questionnaire was drafted. These were discussed with designated contacts from each Agency participating in the study (See Attachment B). After a series of one-on-one meetings over a three day period in early April, the definitions and the questionnaire were revised and reviewed by the overall Working Group and by the Assistant Secretaries for Administration of the affected Departments. On Monday, April 11, the final versions were delivered to the Departmental contacts and the data collection effort began. A copy of the questionnaire, definitions for key terms and administrative functions, and the timetable for the study are included as Attachment C.

Data was collected in four categories:

1. Summary information on the number of offices and employees at each level (i.e., headquarters, region, area, etc.);
2. Number of employees by specific occupational series for selected administrative areas;
3. Detailed information on the four administrative functions noted earlier; and
4. A narrative description of mechanisms for sharing or combining administrative support functions.

In the course of the analysis, several specific data units were dropped from the study data base. This was done if there were problems with the data that could not be resolved by the Agency contact in the limited time allowed.

In early May, a draft version of this report was submitted to the chairman, Gerald Carmen, for his use in a presentation to the CCMA. That briefing was conducted on May 12, 1983. On June 20, Mr. Carmen made another presentation to the CCMA with the President in attendance. At the request of the CCMA, Departments were asked to validate the information previously submitted (See Attachment D). Additional information in the procurement area was requested at the same time. This report is based on the data reviewed and validated by the Departments themselves.

CAVEATS

In earlier sections, we have described the Departments surveyed, the functions reviewed, and the methodology. It might be useful to note certain important consequences of our approach:

- o The study defined the "field" as sites and employees within the 50 States but outside the National Capital Region (NCR). Therefore, it excluded Regional offices that are located inside the NCR - for example, the GSA National Capital Region office.
- o The study included Headquarters units of Departmental operating components that are located outside the NCR - for example, the Social Security Administration in Baltimore, Maryland.
- o The questionnaire requested information on field administrative support units and employees located in the field. It excluded offices located in the NCR that provide administrative support to the field.
- o Thresholds were set in certain areas. For example, on the procurement questionnaire, Departments were asked to report only offices with procurement authority of \$10,000 and above. The Department of Agriculture, which reported over

200 procurement offices with delegated authority of \$10,000 or more, indicated that there are anywhere between 1,500 and 2,000 offices with some procurement authority. The Department of Transportation noted a similar situation.

- o No information was included from the Department of Defense, the Veterans Administration or the Corps of Engineers, which together account for over 1,000,000 civilian employees in the field.
- o The Departments of Transportation and Energy did not provide the additional information requested in the procurement area.
- o The study excluded areas such as payroll/personnel systems and printing/duplicating which are under separate review. Preliminary reports indicate similar findings in these studies. The OMB/JCP study revealed more than 2,000 individual printing and duplicating sites around the country. The Reform 88 study of payroll and personnel systems found almost 100 such systems.

One final point should be made. Information was assembled in a very short period of time. Most Departments had less than two weeks to prepare their responses. While we attempted to request

data that we felt would be available, many Departments had difficulty with our request. The Departments - and the employees who worked on this study - deserve recognition for producing the information requested under tremendous pressure and within a brief timeframe.

ATTACHMENT B

4/83

AGENCY CONTACTS FOR DATA COLLECTION

DEPARTMENT	INFORMATION CONTACT	ADDRESS & PHONE NO.
Defense	Dr. Robert Rauner Director, Office of Economic Adjustment	Pentagon Room 3D968 697-9155
HHS	Gary Arnold Director, Office of Management Control	HHS Building Room 522E 245-6501
Agriculture	Liz Boyd Management Analyst Office of Finance and Management	Auditor Bldg. Room 3132 382-1170
Treasury	John Garmat Acting Director, Office of Management and Organization	Main Treasury Room 4406 566-6636
Interior	Howard Holbert Fish & Wildlife Service Division of Finance	18th & C St. Room 3349 343-8991
Transportation	Norm Bowles Acting Chief, Aviation and Research Division Office of Management Planning	400 7th St. Room 10320 426-4756
Justice	Tony Moscato Director, Evaluation Staff	Home Owners Loan Corp. Building Room 1052 272-6265
GSA	Pete Lee GSA Liaison for Field Study	18th & F St. Room 3101 566-1054
NASA	David Hornestay Chief, Institutional Planning and Evaluation Branch	400 Maryland Ave., SW Room 5007 755-3960
Labor	Joseph Cocco Management Analyst Office of Position Management and Classification	Main Labor Building Room N-5456 523-6609

ATTACHMENT B

Page 2

<u>DEPARTMENT</u>	<u>INFORMATION CONTACT</u>	<u>ADDRESS & PHONE NO.</u>
Energy	Jack Lopez Budget Analyst Office of the Controller	Forrestal Bldg. Room 4A178 252-4038
HUD	Dennis Geer Acting Director, Adminis- trative Services	7th & D. St. Room 5168 755-5123
Education	Bill Keough Office of Regional Liaison	FOB 6 Room 4155 245-8787
Commerce	Kay Bulow Deputy Assistant Secretary for Administration	Herbert Hoover Bldg. Rm. 5830 377-4951

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ATTACHMENT C

DEFINITIONS, KEY TERMS, AND QUESTIONNAIRE



UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Administration
Washington, D.C. 20230

8 APR 1983

Dear Colleague:

Thank you for your participation in the Cabinet Council on Management and Administration's Federal Field Study.

Attached are the final study plan and data instruments for the study. They have been revised based on the discussions we've had over the last two days with members of your staff. We need data in four categories:

1. Summary information on the number of offices and employees at each level (i.e., headquarters, region, area, etc.);
2. Number of employees by specific occupational series for selected administrative areas;
3. Detailed information on four administrative functions - personnel, procurement, administrative payments, and administrative services; and
4. A narrative description of mechanisms for sharing or combining administrative support functions.

We have limited our request to information which we must have to complete our review. The deadline for presentation of our findings and recommendations to the Cabinet Council is quite short. Therefore, we must have your response to this data request by April 21. Your assistance in meeting this deadline is essential.

Sincerely,

A handwritten signature in cursive script that reads "Arlene Triplett".

Arlene Triplett
Assistant Secretary
for Administration

FEDERAL FIELD STRUCTURE

WORKING GROUP

DATA INSTRUMENT

April 8, 1983

FEDERAL FIELD STRUCTURE WORKING GROUP

Background. The Cabinet Council on Management and Administration (CCMA) has established a Federal Field Structure Working Group, chaired by GSA Administrator Gerald Carmen, to review policies, legislation, current practices and resources of Federal Field organizations. Based on this review, the Working Group will propose policy options and actions to cut costs and improve program delivery by the Federal field structure.

Objectives. The purpose of this paper is to:

- o Identify the scope of the study;
- o Describe the methodology to be used in the review; and
- o Provide a timeline with key dates to meet the deadline imposed by the Working Groups for submission of findings, options, and recommendations to the CCMA.

Scope. The data gathering effort will include the following 15 Departments, which have the largest field structures:

Defense	Corps of Engineers
Veterans Administration	General Service Administration
Health and Human Services	NASA
Agriculture	Commerce
Treasury	Labor
Interior	Energy
Transportation	HUD
Justice	

Definitions. Key terms and functions are defined as follows:

Field - Sites and employees within the 50 States but outside the National Capital Region.

National Capital Region - Includes Washington, D.C. and the counties and independent cities in Maryland and Virginia listed below:

Maryland

Montgomery
Prince Georges

Virginia

Alexandria
Arlington
Fairfax
Fairfax City
Falls Church
Loudoun
Prince William

Administrative Payments include disbursements for services, supplies and material. Some examples are payments for: travel vouchers, travel advances, small purchases, contracts, utility bills, rental charges, imprest fund reimbursements, and transportation. Payroll payments are not included.

The processing of administrative payments include the following major activities: document preview, data entry, document audit, preparation and certification of payment schedules to the Treasury Disbursing Office, and entry of payment data into the accounting system.

Procurement means the acquisition of personal property and nonpersonal services (including automated data processing and construction) by such means as purchasing, renting, leasing (including real property) and contracting. It includes requisitioning from other Government sources and use of informal small purchasing procedures (presently for acquisitions of \$10,000 or less), as well as the formal contracting procedures established for initiating Invitations for Bid (IFB) and Request for Proposal (RFP). The term "procurement" is also used to describe the contract administration processes deemed necessary to ensure compliance with contract award provisions. It also includes the grants administration functions.

Personnel consists of planning, organizing and administering a complete operating personnel management program. It includes such activities as recruitment, placement, employee utilization, position management and job classification, pay administration, employee relations, special programs (e.g., summer employment, handicapped, and employee assistance programs), labor-management relations, employee recognition and awards, workforce effectiveness, performance appraisal, employee/supervisory development and training, executive and managerial development, employee records and processing services, and benefit programs.

Administrative Services. Includes communications centers, labor services, mail and messenger services, libraries, real property and space management, personal property management, warehousing, traffic management, travel administration, freight rates, fleet management, cargo dispatching, trades (plumbers, electricians, and painters), security guards, and laborers.

Methodology. The attachments request information in four (4) categories:

- (1) Organization and staffing;
- (2) Administrative support (total);
- (3) Common administrative services; and
- (4) Centralized or cross-servicing mechanisms.

Specific instructions for each request are provided on the first page of the respective tab.

Timeline. See Attachment 5.

ATTACHMENT 1

Federal Field Structure Working Group
Organization and Staffing Task Force
Data Collection

1. Identify organizational levels of each separate Bureau, Service, Agency, or Administration under each Federal Government Agency.

- o Provide the total number of employees associated with each organizational level.¹
- o Provide the total number of offices in each organizational level.

2. Correct regional structure illustrated in "The United States Directory of Federal Regional Structure 1981/1982" to reflect present regional structure.

¹ Use FY 1983 on-board.

EXAMPLE

Department of Agriculture

EXAMPLE

Bureau/Service/Agency/Administration: Forest Service

Number of employees: _____ Number of offices: _____

Level 1: Hdqtrs. Offices

Number of employees: _____ Number of offices: _____

Level 2: Regional Offices

Number of employees: _____ Number of offices: _____

Level 3: Sub-Region & State Offices

Number of employees: _____ Number of offices: _____

Level 4: Area Offices

Number of employees: _____ Number of offices: _____

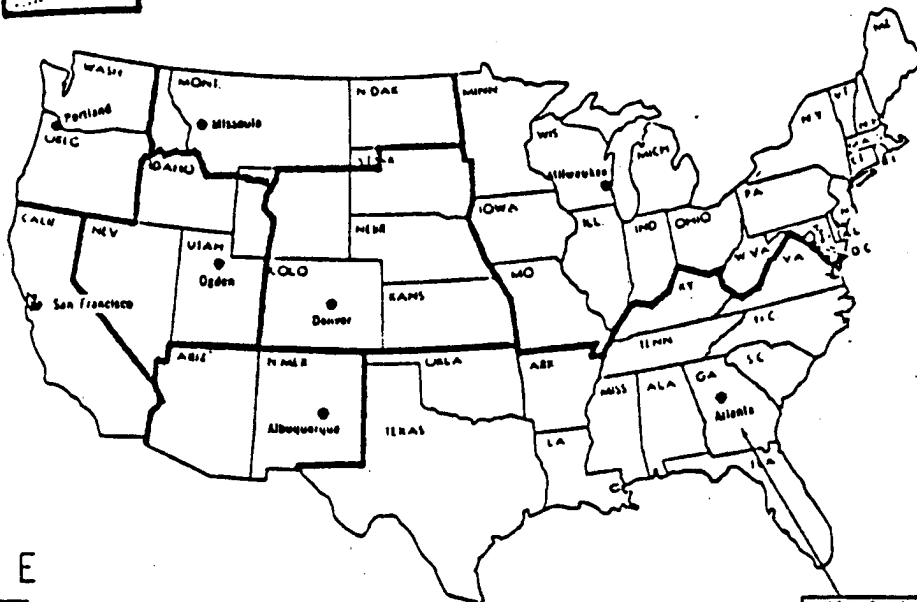
Level 5: Local Offices

Total number of employees: _____ Total number of offices: _____



DEPARTMENT OF AGRICULTURE
Forest Service
National Forest System

EXAMPLE



EXAMPLE



Source: The United States Directory of Federal Regional Structure
1981/1982
Office of Federal Register/NARS/GSA

Indicate any changes made to the regional structure.

Bureau/Service/Agency/Administration: _____

Number of employees: _____ Number of offices: _____

Level 1: _____

Number of employees: _____ Number of offices: _____

Level 2: _____

Number of employees: _____ Number of offices: _____

Level 3: _____

Number of employees: _____ Number of offices: _____

Level 4: _____

Number of employees: _____ Number of offices: _____

Level 5: _____

Total number of employees: _____ Total number of offices: _____

ATTACHMENT 2

ATTACHMENT 2

FEDERAL FIELD STRUCTURE WORKING GROUP
COMMON ADMINISTRATIVE SERVICES TASK FORCE
DATA COLLECTION

1. Identify the total number of employees in the Department providing administrative support. The ten common services are listed on the next page; definitions and occupational series associated with each "service" are noted immediately afterward.
2. Use FY 1983 on-board data; provide information for the most current period possible.

COMMON SERVICES

NAME OF DEPARTMENT

FUNCTION	NO. OF EMPLOYEES*	
	TOTAL	FIELD
PERSONNEL		
PROCUREMENT/SUPPLY		
FINANCE/BUDGETING		
INFORMATION/DATA SYSTEMS		
PROPERTY		
TRANSPORTATION		
COMMUNICATIONS		
LEGAL		
GENERAL SERVICES		
OFFICE/CLERICAL SUPPORT		
TOTAL		

* As of date.

Common Services

Personnel - All activities carried out by individuals in those occupational series dealing with classification, employment, development, employee relations, safety, and equal employment are included in this category.

Procurement/Supply - Contracting, procurement, purchasing, supply, and warehousing are the major activities included in this category.

Finance/Budgeting - This category includes accounting, voucher examination, grants, payroll, and budget analysis and preparation activities.

Information/Data Systems - This category includes all data processing functions such as operator, programmer, analyst, and administrator. Also, management analysis and technical support are included.

Property - This category includes basic activities related to real and personal property. Included are acquisition, construction, inspection, appraisal, assessment, repair, and disposal.

Transportation - This category includes traffic management, travel administration, freight rates, fleet management, and cargo dispatching activities.

Communications - This broad category includes photography, audio-visual aids, exhibits, public information, writing, editing, reproduction, and mail activities.

Legal - The activities of attorneys, claims, and legal instrument examiners are included in this category.

General Services - This category includes largely trades personnel; such as, plumbers, electricians, and painters, guards and laborers; and professionals such as engineers, architects, and librarians.

Support - This category includes administrative officers, office services managers, clerks, stenographers, data transcribers, secretaries, and typists. (Included are employees in management and/or professional positions in the administrative occupational series, GS-301.)

COMMON SERVICES FUNCTION
EMPLOYEE BREAKOUT

<u>PERSONNEL</u>	<u>OCCUPATIONAL SERIES</u>	<u>TOTAL</u>
Safety Management/Safety Engineering	018	
Safety Technician	019	
Manpower Development	142	
Personnel Management	201	
Personnel Clerical and Assistant	203	
Personnel Staffing	212	
Position Classification	221	
Salary and Wage Administration	223	
Employee Relations	230	
Labor Relations	233	
Employee Development	235	
Equal Employment Opportunity	260	
<u>PROCUREMENT/SUPPLY</u>		
Contract and Procurement	1102	
Purchasing	1105	
Procurement Clerical and Assistance	1106	
General Supply	2001	
Supply Program Management	2003	
Supply Clerical and Technician	2005	
Inventory Management	2010	
Distribution Facilities and Storage Management	2030	
Warehouseman	6907	
<u>FINANCE/BUDGETING</u>		
General Accounting Clerk and Administration	501	
Financial Clerk and Assistant	503	
Budget and Accounting	504	
Financial Management	505	
Accounting	510	
Accounts Maintenance Clerk	520	
Accounting Technician	525	
Cash Processing	530	
Voucher Examining	540	
Payroll	544	
Budget Administration	560	
Budget Clerk and Assistant	561	
Time and Leave	590	
Accounting Trainee	599	

	<u>OCCUPATIONAL SERIES</u>	<u>TOTAL</u>
<u>INFORMATION/DATA SYSTEMS</u>		
Digital Computer Systems Administration	330	
Computer Operation	332	
Computer Specialist	334	
Computer Aid and Technician	335	
Program Management	340	
Management Analysis	343	
Management Clerical and Assistance	344	
Program Analysis	345	
Data Transcriber	356	
 <u>PROPERTY</u>		
Construction Control	809	
Surveying Technician	817	
Industrial Property Management	1103	
Property Disposal	1104	
Property Disposal Clerical and Technician	1107	
Public Utilities Specialist	1130	
Realty	1170	
Appraising and Assessing	1171	
General Facilities and Equipment	1601	
Facility Management	1640	
Equipment Specialist	1670	
 <u>TRANSPORTATION</u>		
General Transportation	2101	
Transportation Clerk and Assistant	2102	
Traffic Management	2130	
Freight Rate	2131	
Travel	2132	
Shipment Clerical	2134	
Transportation Operations	2150	
Dispatching	2151	
Aircraft Operation	2181	
Mobile Equipment Body Repair	3809	
Motor Vehicle Operator	5703	
Fork Lift Operator	5704	
Tractor Operator	5705	
Engineering Equipment Operator	5716	
Mobile Equipment Maintenance	5801	
Heavy Mobile Equipment Mechanic	5803	
Automotive Mechanic	5823	
Boat Operating	5903	
Aircraft Mechanic	8852	

	<u>OCCUPATIONAL SERIES</u>	<u>TOTAL</u>
<u>COMMUNICATIONS</u>		
Messenger	302	
Mail and File Clerk	305	
Correspondence Clerk	309	
Printing Clerical	351	
Telephone Operating	382	
Teletypist	385	
Radio Operation	389	
Communications Relay Operation	390	
Communications Management	391	
General Communications	392	
Communications Specialist	393	
Communications Clerical	394	
General Arts and Information	1001	
Exhibits Specialist	1010	
Illustrating	1020	
Office Drafting	1021	
Public Affairs	1035	
Photography	1060	
Audio-Visual Production	1071	
Public Information	1081	
Writing and Editing	1082	
Technical Writing and Editing	1083	
Visual Information	1084	
Editorial Assistance	1087	
Technical Information Services	1412	
Printing Management	1654	
Sound Recording Equipment Operator	3911	
 <u>LEGAL</u>		
General Attorney	905	
Hearing Examiner	935	
Paralegal Specialist	950	
Legal Instruments Examining	963	
Land Law Examining	965	
Legal Clerk	986	
General Claims Examining	990	
LCS DMS Claims Examining	992	
Claims Clerical	998	
Patent Advisor	1221	
Patent Attorney	1222	

	<u>OCCUPATIONAL SERIES</u>	<u>TOTAL</u>
<u>GENERAL SERVICES</u>		
Correctional Officer	007	
Security Administration	080	
Fire Protection and Prevention	081	
Guard	085	
Guide	090	
Information Receptionist	304	
General	801	
Engineering Technician	802	
Materials Engineering	806	
Civil Engineering	810	
Engineering Drafting	818	
Environmental Engineering	819	
Mechanical Engineering	830	
Electrical Engineering	850	
Electronics Engineering	855	
Electronic Technician	856	
Mining Engineering	880	
Petroleum Engineering	881	
Agricultural Engineering	890	
Chemical Engineering	893	
Industrial Engineering Technician	895	
Industrial Engineering	896	
Engineering/Architect Student Trainee	899	
Librarian	1410	
Librarian Technician	1411	
Electronics Mechanic	2614	
General Electrical	2801	
Electrician	2805	
Electrician (High Voltage)	2810	
General Labor	3501	
Laborer	3502	
Custodian	3565	
Janitor	3566	
Cement Finisher	3602	
Mason	3603	
Plasterer	3605	
Roofer	3606	
Welder	3703	
Sheet Metal Mechanic	3806	
Locksmith	3817	
Air Conditioning Equipment Mechanic	5306	
Heating Equipment Repair	5309	
Equipment Maintenance Mechanic	5352	
Boiler Plant Operator	5402	
Utility Systems Operator	5406	
Sewage Disposal Plant Operator	5408	
Tools and Parts Attendant	6904	

	<u>OCCUPATIONAL SERIES</u>	<u>TOTAL</u>
<u>SUPPORT</u>		
Clerks and Nondescription	099	
Nonsupervisory Clerical Position	301	
Miscellaneous Clerk & Assistant	303	
Clerk-Stenographer and Reporter	312	
Stenographer/Secretary Supervisor	313	
Clerk-Dictating Machine Transcriber	316	
Secretary	318	
Clerk-Typist	322	
Administrative Officer	341	
Office Services Management and Supervision	342	
Office Machine Operating	350	
Calculating Machine Operation	355	

ATTACHMENT 3

:)-

FEDERAL FIELD STRUCTURE WORKING GROUP
COMMON ADMINISTRATIVE SERVICES TASK FORCE
DATA COLLECTION

1. Detailed information is being requested for the following four (4) administrative functions:

- o Personnel
- o Procurement
- o Administrative Payments
- o Administrative Services

Definitions of each were provided earlier in this package.

2. Questionnaire instructions.

A. Insert the Department name and indicate the two (2) digit Department Code used in the Budget of the United States Appendix (positions 1 and 2 of the Identification Code, Program and Financing Schedule).

B. For each Bureau, Service, Agency or Administration within the Department, insert the "Bureau" name and indicate the two (2) digit "Bureau" Code used in the Budget of the United States Appendix (positions 3 and 4 of the Identification Code, Program and Financing Schedule).

- o List by location each office providing the respective service. To identify each office location, insert the FIPS location code in column 2. This code is published in FIPS Publication No. 55. FIPS is the Federal Information Processing Standard Publications available from your administrative office or directly from the National Technical Information Service in Springfield, VA.; telephone number (703) 557-4763.
- o Indicate the total number of employees providing the service in that location. Include both professional and clerical support staff. Use FY 1983 on-board data for the most current period possible. Include all personnel regardless of type of appointment.
- o On the Personnel Questionnaire enter the Submitting Office Number (SON) assigned to each particular office. Enter the current number of employees serviced by each office.

- o On the Procurement Questionnaire, report only offices with procurement authority of \$10,000 and above. For these offices report all transaction volumes including those under \$10,000. Also, report the Federal Procurement Data System (FPDS) number for each office.
- o On the Payment Office Questionnaire, indicate the number of individual payments made through Treasury as reflected on SF-1166. Do not include non-check payments to other government agencies or letter-of-credit payments.
- o On the Administrative Services Questionnaire, provide the total current number of employees associated with each administrative service function by State. The five administrative service functions with definitions are shown below. Occupational Series for each of the functions are shown immediately afterward.

3. Administrative Services Definitions.

Supply - Supply and warehousing are the major activities included in this category.

Property - This category includes basic activities related to real and personal property. Included are acquisition, construction, inspection, appraisal, assessment, repair, and disposal.

Transportation - This category includes traffic management, travel administration, freight rates, fleet management, and cargo dispatching activities.

Communications - This broad category includes photography, audio-visual aids, exhibits, public information, writing, editing, reproduction, and mail activities.

General Services - This category includes largely trades personnel; such as, plumbers, electricians, and painters, guards and laborers; and professionals such as engineers, architects, and librarians.

ADMINISTRATIVE SERVICES

1. For each separate Bureau, Service, Agency, or Administration under each Federal Government Agency
 - o Provide the total number of employees associated with each administrative services function, by State. The five administrative services functions are listed on the next page with definitions; occupational series associated with each "function" are noted immediately afterward.
 - o Use FY 1983 on-board data; provide information for the most current period possible.

ADMINISTRATIVE SERVICES

Supply - Supply and warehousing are the major activities included in this category.

Property - This category includes basic activities related to real and personal property. Included are acquisition, construction, inspection, appraisal, assessment, repair, and disposal.

Transportation - This category includes traffic management, travel administration, freight rates, fleet management, and cargo dispatching activities.

Communications - This broad category includes photography, audio-visual aids, exhibits, public information, writing, editing, reproduction, and mail activities.

General Services - This category includes largely trades personnel; such as, plumbers, electricians, and painters, guards and laborers; and professionals such as engineers, architects, and librarians.

ADMINISTRATIVE SERVICES FUNCTIONS

OCCUPATIONAL
SERIESSUPPLY

	2001
General Supply	2003
Supply Program Management	2005
Supply Clerical and Technician	2010
Inventory Management	2030
Distribution Facilities and Storage Management	6907
Warehouseman	

PROPERTY

	809
Construction Control	817
Surveying Technician	1103
Industrial Property Management	1104
Property Disposal	1107
Property Disposal Clerical and Technician	1130
Public Utilities Specialist	1170
Realty	1171
Appraising and Assessing	1601
General Facilities and Equipment	1640
Facility Management	1670
Equipment Specialist	

TRANSPORTATION

	2101
General Transportation	2102
Transportation Clerk and Assistant	2130
Traffic Management	2131
Freight Rate	2132
Travel	2134
Shipment Clerical	2150
Transportation Operations	2151
Dispatching	2181
Aircraft Operation	3809
Mobile Equipment Body Repair	5703
Motor Vehicle Operator	5704
Fork Lift Operator	5705
Tractor Operator	5716
Engineering Equipment Operator	5801
Mobile Equipment Maintenance	5803
Heavy Mobile Equipment Mechanic	5823
Automotive Mechanic	5903
Boat Operating	8852
Aircraft Mechanic	

OCCUPATIONAL
SERIES

COMMUNICATIONS

Messenger	302
Mail and File Clerk	305
Correspondence Clerk	309
Printing Clerical	351
Telephone Operating	382
Teletypist	385
Radio Operation	389
Communications Relay Operation	390
Communications Management	391
General Communications	392
Communications Specialist	393
Communications Clerical	394
General Arts and Information	1001
Exhibits Specialist	1010
Illustrating	1020
Office Drafting	1021
Public Affairs	1035
Photography	1060
Audio-Visual Production	1071
Public Information	1081
Writing and Editing	1082
Technical Writing and Editing	1083
Visual Information	1084
Editorial Assistance	1087
Technical Information Services	1412
Printing Management	1654
Sound Recording Equipment Operator	3911

OCCUPATIONAL
SERIES

GENERAL SERVICES

Correctional Officer	007
Security Administration	080
Fire Protection and Prevention	081
Guard	085
Guide	090
Information Receptionist	304
General	801
Engineering Technician	802
Materials Engineering	806
Civil Engineering	810
Engineering Drafting	818
Environmental Engineering	819
Mechanical Engineering	830
Electrical Engineering	850
Electronics Engineering	855
Electronic Technician	856
Mining Engineering	880
Petroleum Engineering	881
Agricultural Engineering	890
Chemical Engineering	893
Industrial Engineering Technician	895
Industrial Engineering	896
Engineering/Architect Student Trainee	899
Librarian	1410
Librarian Technician	1411
Electronics Mechanic	2614
General Electrical	2801
Electrician	2805
Electrician (High Voltage)	2810
General Labor	3501
Laborer	3502
Custodian	3565
Janitor	3566
Cement Finisher	3602
Mason	3603
Plasterer	3605
Roofer	3606
Welder	3703
Sheet Metal Mechanic	3806
Locksmith	3817
Air Conditioning Equipment Mechanic	5306
Heating Equipment Repair	5309
Equipment Maintenance Mechanic	5352
Boiler Plant Operator	5402
Utility Systems Operator	5406
Sewage Disposal Plant Operator	5408
Tools and Parts Attendant	6904

ADMINISTRATIVE SERVICES QUESTIONNAIRE

Department _____

Code _____

Bureau _____

Code _____

State	Function	Supply	Property	Transportation	Communications	General Service
01	Alabama					
02	Alaska					
04	Arizona					
05	Arkansas					
06	California					
08	Colorado					
09	Connecticut					
10	Delaware					
11	Dist. of Col.					
12	Florida					
13	Georgia					
15	Hawaii					
16	Idaho					
17	Illinois					
18	Indiana					
19	Iowa					
20	Kansas					
21	Kentucky					
22	Louisiana					
23	Maine					
24	Maryland					
25	Massachusetts					
26	Michigan					
27	Minnesota					
28	Mississippi					
29	Missouri					
30	Montana					
31	Nebraska					
32	Nevada					
33	New Hampshire					
34	New Jersey					
35	New Mexico					
36	New York					
37	North Carolina					
38	North Dakota					

ADMINISTRATIVE SERVICES QUESTIONNAIRE (Con't)

Department _____

Code _____

Bureau _____

Code _____

State	Function	Supply	Property	Transportation	Communications	General Service
39	Ohio					
40	Oklahoma					
41	Oregon					
42	Pennsylvania					
44	Rhode Island					
45	South Carolina					
46	South Dakota					
47	Tennessee					
48	Texas					
49	Utah					
50	Vermont					
51	Virginia					
52	Washington					
54	West Virginia					
55	Wisconsin					
56	Wyoming					
58	Guam					
72	Puerto Rico					
79	Virgin Islands					

ATTACHMENT 4

ATTACHMENT 4

FEDERAL FIELD STRUCTURE WORKING GROUP
COMMON ADMINISTRATIVE SERVICES TASK FORCE
DATA COLLECTION

Briefly describe any existing or proposed mechanisms in the Department to share or combine administrative support functions. This might include consolidated regional support units, cross-servicing agreements, centralized servicing points, extensive use of contract support, and the like. These narratives should highlight the background of such mechanisms, the services provided, location, budget and staffing, outputs/volumes, and findings from any evaluations conducted of efficiency/effectiveness. The description should be fairly brief (one or two pages).

ATTACHMENT 5

TIMETABLE

<u>Completion Date</u>	<u>Action Step</u>
3/25	Preliminary meetings with GSA and OPM
3/30	First status report to Working Group
4/1	Notification letters
4/4	Information contacts designated
	Data collection coordinated with Organization and Staffing Team
4/5	Draft study plan delivered to contacts
	Second status report to Working Group
4/6-4/7	Meetings with Departmental contacts
4/8	Final study plan and data instrument to contacts
4/8-4/20	Data collection by Departments
4/21	Data submissions due from Departments
4/21-4/29	Data analysis; development of options and recommendations
5/4	Presentation to Working Group
5/12	Presentation to CCMA



UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Administration
Washington, D.C. 20230

24 JUN 1983

Dear Colleague:

In April you supplied us with information for the Cabinet Council on Management and Administration's (CCMA's) Federal Field Study. On May 12, our report was presented to the CCMA and on June 20 it was discussed at a CCMA meeting with the President.

The CCMA has asked that we validate the information provided us. Therefore, attached for your review are the following:

1. Summary information on the number of offices and employees at each level (i.e., headquarters, region, area, etc.);
2. Number of employees by specific occupational series for selected administrative areas; and
3. Detailed information on four administrative functions
 - a. Personnel;
 - b. Administrative Payments;
 - c. Administrative Services; and
 - d. Procurement.

In order to complete our analysis, we need some additional information in the procurement area. Detailed instructions are contained in the front of the notebook. Please have your staff continue to work with Alan Balutis of my office on this matter. Alan can be reached at 377-0884.

The deadline for follow-up to the Cabinet presentation is quite short. Therefore, we must have your response to this request by July 8. I will assume that if I don't hear from you to the contrary by this date that the information is correct.

Sincerely,

A handwritten signature in cursive script that reads "Arlene Triplett".

Arlene Triplett
Assistant Secretary
for Administration

Attachment

ATTACHMENT E

ADMINISTRATIVE SERVICES -
PREVIOUS INITIATIVES

President Carter's Reorganization Project reviewed the administrative services structure in the Federal Government. The study addressed the issue of which services and functions should be provided in a general services agency or decentralized to the Departments and Agencies. Though never issued as a final report, the study identified potential savings of at least \$384 million that could result from providing supply, support, and telecommunications functions on a common basis.

The General Accounting Office (GAO) has issued several reports over the years that have identified opportunities for improved management and savings through consolidating services within or among Agencies. At the request of the Chairman of the Senate Government Affairs Committee, the GAO is currently conducting a government-wide review of Federal agency field operations. This review, scheduled for completion early next year, is focusing on organization and management layering, co-location, and consolidation of administrative support.

In one report, GAO discussed a 1971 GSA experiment in Seattle to provide common services to agencies. That pilot, termed the

Arcade Plaza Project, involved the provision of common services to five Departments. The five were the Department of Health, Education and Welfare, the Department of Housing and Urban Development, the Department of Labor, the Office of Economic Opportunity, and the Department of Transportation. The services provided on a common basis included printing and duplication, mail and messenger, procurement, receiving and shipping, labor, library, and supply.

Although the arrangement had a rocky start, an Office of Management and Budget review indicated that "tangible economies as well as a high level of effectiveness are being achieved." The arrangement reportedly resulted in a 25% staff savings and increased effectiveness by:

- o Concentrating functions - more highly qualified personnel could be used;
- o Reducing personnel requirements - better use of cross - training and time were initiated;
- o Stabilizing workload - greater volume permitted more flexibility in use of people;
- o Reducing administrative problems - larger operations decreased problems associated with rest periods, lunch, vacations, and absenteeism.

A 1972 GSA evaluation of the pilot recommended that the arrangement be continued on a permanent basis, finding that the arrangement "is efficient, economical, and provides a high level of customer satisfaction." The GSA study went on to recommend that "a common services arrangement be established at a suitable location in each of the remaining nine standard Federal regions." Regrettably, within a year, the arrangement had dissolved under the pressure of budgetary constraints and Departmental parochialism.

Further study is necessary to determine current productivity, define specific problems, and identify solutions. It does appear that considerable savings are possible through greater use of common administrative services. If the Federal government were able to save even half of the amount achieved in the Arcade Plaza Project, over 9,500 positions could be eliminated and almost \$194,000,000 saved. (Note: assumes average salary, benefits and overhead of \$20,000 per year per employee).

Executive Overview

Introduction

The Federal Field Structure Policy Review was conducted during April 1983 as part of a three-pronged review of Federal field structure undertaken for the Cabinet Council on Management and Administration (CCMA). (The other two elements of the broader study covered a) field structure organization and staffing and b) the common administrative services concept.) Its objectives were to examine current field structure policy and to develop a range of options for possible future field structure policy for presentation to the CCMA. The Federal Government's investment in its field structure includes over 85% of all Federal civilian employees and over 20,000 facilities.

A Context for Change: The Federalism Philosophy and Management Goals

The Reagan Administration's Federalism philosophy and management goals have major implications for Federal field structure policy because adherence to the philosophy and the achievement of the goals entails a different way for the Federal Government to do business. The Administration's intergovernmental and management goals militate for a reexamination of the Federal field structure policy promulgated at an earlier time to facilitate different objectives.

Evolution of Federal Field Structure Policy

Over the past thirty years, Federal field structure policy has been marked by almost cyclical fluctuations between centralization and decentralization of authority; importance and lack of importance attributed to field operations by Washington leadership; and periods of attention and lack of attention paid to field coordination and coordination mechanisms due to changing philosophies and perceived needs.

Current Policy

Current governmentwide field structure policy comes from three sources. The Rural Development Act of 1972 requires agencies to give first priority to locating new facilities in rural areas. Executive Order 12072 (August 16, 1978) requires giving first consideration to central business areas when meeting Federal space needs in urban areas. OMB Circular No. A-105, Standard Federal Regions (April 4, 1974) establishes ten standard regions as a long range goal and provides guidelines for aligning or establishing offices in the field. For all practical purposes, however, OMB Circular A-105 is the current Federal field structure policy document, and is certainly the one around which the pragmatic field policy issues have developed.

Experience and Lessons Learned Under Circular A-105

Based on the record of 24 waiver approvals of 28 requests over the last two years, Circular A-105 apparently has not prevented agencies from making supportable modifications in field structure within the context of the general policy of standardization. Yet this fact also seems to raise questions about the need for and value of a policy of uniformity in the first place. Specific lessons learned under Circular A-105 deal with the issues of uniformity vs. flexibility, the protection offered by a standard field structure, the value of periodic reassessments of field structure policy, the benefits of concentrating Federal assets, and the political realities of changing field structure policy.

Constraints on Changing Field Structure Policy

Any consideration of possibilities for changing Federal field structure policy must take into account several constraints that are likely to be encountered. These constraints may range from applicable statutory requirements to Congressional committee concerns, from labor relations to local government interests, from questions of economics to questions of public perceptions. Potential Congressional pressures from committees and members protecting specific programs or constituents must be anticipated. In addition, several other general constraints that have been identified during this review could be applicable regardless of the specific field structure policy option being considered.

Options for Consideration

There is a wide range of field structure policy options, each with its own advantages and disadvantages, that the CCMA could consider:

- A. Retain Circular A-105 as is;
- B. Refine specific elements of the policies formulated in Circular A-105;
- C. Provide field structure "guidance" rather than "policy";
- D. Establish a "series" of standard policies for different "types" of programs;
- E. Establish a refined policy of goals of economy and effectiveness rather than specific structure; and
- F. Establish no governmentwide field structure policy.

Preferred Options and Recommendation

Of the Options, B and E seem to have the greatest potential for achieving both agency-specific and central management objectives. They differ from one another primarily in approach rather than in expected results.

The recommendation is for adoption of Option E. A draft policy statement reflecting this option is provided.

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Introduction

The Federal Field Structure Policy Review was conducted during April 1983 as part of a three-pronged review of Federal field structure undertaken for the Cabinet Council on Management and Administration (CCMA). The other two elements of the broader study covered a) field structure organization and staffing and b) the common administrative services concept.

The Federal Government's field structure represents an extremely large investment of the taxpayers' dollars. Over the past two decades, according to a January 1980 OMB study of decentralization, over 85 percent of all Federal civilian employees have been located in the "field"; that is, outside of the National Capital Region. A March 1979 internal OMB report identified over 22,000 staffed Federal field facilities throughout the United States.

The objectives of the Field Structure Policy Review were to examine current field structure policy and to develop a range of options and a recommendation for possible future field structure policy for presentation to the CCMA for its consideration. The specific actions taken to achieve these objectives included:

- o identification of Administration policies affecting field structure policy;
- o examination of the evolution of current field structure policy;
- o consideration of agency and central management experience in operating under the current policies, including identification of generic points to take into account when considering possible revisions of field structure policy;
- o identification of constraints on changing field structure policy; and
- o exploration of the relative advantages and disadvantages of several possible options for future field structure policy.

The review was conducted under the leadership of the Office of Management and Budget with substantial assistance from selected departments and agencies representative of a wide range of Federal functions including grant-making, services provision, land management, and regulation. While representing an agency perspective, the participants did not present formal agency positions. (A list of participants is included in the Appendix.)

A Context for Change: The Federalism Philosophy and Management Goals

The Reagan Administration's Federalism philosophy has major implications for Federal field structure policy because adherence to the philosophy and the achievement of its goals entails a different way for the Federal Government to do business.

Intergovernmental Goals

Under the Federalism philosophy there are five basic goals that create a context for change in which Federal business in the field is conducted. These include:

- o return of authority for programs to State and local governments;
- o greater flexibility and responsibility for elected officials;
- o increased State and local capability to govern efficiently;
- o increased State and local participation in Federal decision-making processes; and
- o increased reliance on the private sector, both in general and in the OMB Circular No. A-76 context.

Among other things, these goals have given rise to concrete efforts at devolution of program authorities to the State and local levels and the private sector, the emphasis on block grants as a replacement for multiple categorical programs, and increasing Federal Government reliance on State and local governments.

Management Goals

In addition to its intergovernmental goals, the Administration is also pursuing several broad management improvement goals through the President's Reform '88 Management Actions Program and related efforts:

- o reducing Federal Government influence, size, and personnel ceilings;
- o reducing unnecessary layers of government; and
- o reducing Federal Government prescriptiveness and interference, in part through reducing the Federal presence.

These goals also imply the need to reexamine field structure policy and the way in which the government operates in the field to ensure:

- o streamlined systems;
- o elimination of duplication and inefficiency;
- o appropriate changes in the workforce as functions and activities change; and
- o more efficient use of federally owned and leased space.

Taken together, the Administration's intergovernmental and management goals militate for a reexamination of the Federal field structure policy promulgated at an earlier time to facilitate different objectives.

Evolution of Federal Field Structure Policy

Over the past thirty years, Federal field structure policy has been marked by almost cyclical fluctuations between:

- o centralization and decentralization of authority;
- o importance and lack of importance attributed to field operations by Washington leadership; and
- o periods of attention and lack of attention paid to field coordination and coordination mechanisms due to changing philosophies and perceived needs.

Current field structure policy needs to be considered in the context of the differing policies that have been employed over the past three decades so that future policy options reflect the experience gained from past approaches.

Field Importance Recognized -- The '50s

The importance of field operations to the Federal Government was repeatedly identified as a significant issue in the 1950's. In fact, at the time, there was considerable criticism about the lack of attention being paid to field coordination. Several recommendations were made for increased interagency coordination and closer regional ties to State and local governments.

Regional Coordination Efforts -- The '60s

The experience in the '50s led to several efforts at regional coordination and communication throughout the 1960's. These included creation of regional coordination mechanisms, increasing emphasis on decentralization, and the issuance of OMB Circular No. A-60 which provided guidance on decentralization. The 1960's also saw the creation of mandatory common regional boundaries for social agencies and a recommendation for standard regional boundaries.

"Ups" and "Downs" -- The '70s

In the early 1970's, there was an increasing belief in the importance of "the field." While there was a relaxation of the emphasis on standardization, field coordination received a great deal of attention and support. Co-location efforts were initiated, the Federal Regional Council system reached its high point, and OMB Circular No. A-105 was issued to provide guidance for field organization. By the end of the decade, however, there was a growing disinterest in strengthening field operations.

Federalism -- The '80s

With the development of Federalism at the beginning of the 1980's, with its emphasis on block grants and devolution of program authorities to the States, the pendulum swings again from "the field." Agency reorganizations reduced field authorities, the Federal Regional Council system was abolished as no longer being necessary, and OMB Circular No. A-60 on decentralization was rescinded.

Current Policy

Current governmentwide field structure policy comes from three sources:

- o The Rural Development Act of 1972
- o Executive Order 12072 (August 16, 1978)
- o OMB Circular No. A-105, Standard Federal Regions (April 4, 1974)

The Rural Development Act of 1972

The Rural Development Act of 1972 essentially requires departments and agencies to give first priority to location of new offices and other facilities in rural areas.*

Executive Order 12072

Executive Order 12072, issued during the Carter Administration, requires that the process for meeting Federal space needs in urban areas shall give first consideration to a centralized community business area and adjacent areas of similar character, including other specific areas which may be recommended by local officials.*

OMB Circular A-105

The principal current Federal field structure policy statement is OMB Circular No. A-105. The Circular establishes as long-range goals ten standard Federal regions having uniform boundaries and common regional headquarters locations. It also provides guidelines for establishing and realigning field offices, regional offices, and subregional structures. (Each of the specific provisions of Circular A-105 is summarized in the Appendix.)

Additional Policy Statements

Beyond the three sources described above, there are no other governmentwide field structure policy statements at the present time. There is, according to GAO, no current legislation requiring establishment or relocation of a field structure at a specific site. There are some general statutory provisions about locating field offices for the convenience of those being served. There are also some provisions for individual agencies or functions that constrain, restrict, or require approval for field location decisions.

*Note: The underlined portions of the Rural Development Act and E.O. 12072 requirements help clarify the absence of any conflict between two potentially contradictory policies. GAO, GSA, and individual agency experience demonstrate that both requirements can be met without contradicting one another.

For all practical purposes, however, OMB Circular A-105 is the current Federal field structure policy document, and is certainly the one around which the pragmatic field policy issues have developed.

Experience and Lessons Learned Under Circular A-105

Circular A-105 is clearly seen as the focal point for Federal field structure policy. It has been serving as both a policy statement and as a central management control process.

Experience Shows Flexibility

In the last two years, there have been twenty-eight waiver requests under Circular A-105. The waivers have been sought to allow:

- o location outside of a central regional city for reasons of space suitability and economics;
- o adjustment of regional boundaries to balance workload; and
- o consolidation or elimination of regions to reduce overhead costs or reassign resources.

The rationale offered for these waivers generally has focused on:

- o a limited need for coordination with other agencies;
- o a limited impact of the proposed changes on State and local governments and the public;
- o improved program operations;
- o elimination of inefficiencies; and
- o savings in funds and positions.

Of the twenty-eight waiver requests, OMB has approved twenty-four. The four others were withdrawn by the involved agencies. (Details on each approved request are provided in the Appendix.)

Based on the record of waiver approvals, Circular A-105 apparently has not prevented agencies from making supportable modifications in field structure within the context of the general policy of standardization. Yet this very fact also seems to raise questions about the need for and value of a policy of uniformity in the first place.

Lessons Learned Under A-105

The Appendix contains a summary of the positions voiced by a group of representative agency officials on each of the specific provisions in Circular A-105. From discussions held with these officials and from central management agency concerns that have

been considered, a number of significant factors have emerged concerning any future field structure policy. While these were initially identified as specific opportunities and constraints perceived in operating under Circular A-105, they are clearly points that warrant attention when field structure policy is considered in the broader generic context as well.

Uniformity and Flexibility

Circular A-105 recognizes a need for some balance between uniformity and standardization on the one hand and unique mission differences and program needs on the other. From the central management perspective it builds in agency latitude while maintaining management control through approval and compliance provisions. From the operating agency standpoint, the Circular's very statement of uniformity as a long-range goal is unrealistic because of the diversity of programs -- even within given departments. Agency officials generally suggest that program, cost, and clientele considerations should serve as the major factors in field structure and location determinations.

The inherent conflicts between uniformity and flexibility seem to suggest a different basis for field structure policy, perhaps establishment of a Presidential goal covering economy and efficiencies in field operations, with the means for accomplishing the goal being left to the agencies.

Standard Offers Protection

Another lesson coming from Circular A-105 is that on occasion a standard field structure policy can serve to insulate or protect an agency from outside influences. For instance, political or interest group pressures about location of a function can be deflected by the standard structure policy.

Periodic Reassessments

Whatever field structure policy is in place, it and the agency structure it establishes should both be subject to required periodic reviews and reassessments to determine any needed modifications. In the case of Circular A-105, for example, several significant program and policy changes with implications for field structure policy have been implemented but the Circular has remained unchanged. In fact, it would not be unreasonable to question the basic value of standard regions altogether in view of recent program and policy changes. Periodic reviews could ensure that field structure policy is current and adequately reflects demographic changes and program and policy emphases.

Concentration of Assets

Despite the desire for maximum flexibility in field structure policy, the agencies generally see value in the concentration of Federal assets. The economics associated with maximizing real property resources and combining common services are readily acknowledged. Co-location is also viewed as a valid concept when program needs dictate or are not impaired by locations in the same general area or facility. From a central services and support standpoint, the concentration of assets also makes obvious sense since it offers the potential of savings and increased efficiency.

A field structure policy should encourage economies through asset concentration.

Political Realities

The Circular A-105 evolutionary approach to its stated goal tacitly recognizes a political fact of life -- there are likely to be serious political concerns and problems associated with any type of change. While such constraints are described in a later section of this report, it is important to recognize their significance at this point as well as to emphasize that some provisions for accommodation of such problems would be of value regardless of the field structure policy adopted.

Constraints on Changing Field Structure Policy

Any consideration of possibilities for changing Federal field structure policy must take into account several constraints that are likely to be encountered. These constraints may range from applicable statutory requirements to Congressional committee concerns, from labor relations to local government interests, from questions of economics to questions of public perceptions.

Several general constraints have been identified during this review, and could be applicable regardless of the specific field structure policy option being considered. These are summarized below:

Congressional Concerns -- Congressional opposition from committees and individual members attempting to protect programs and constituents must be expected for any field structure policy change that would require geographic relocations, involve even temporary disruptions affecting program operations, increase OMB control over agency management, or project significant changes without Congressional consultation or consent.

Labor Relations -- Employees and employee groups will generally react adversely to any change that would result in relocations or the possibility of relocations.

State and Local Governments -- Any change in field structure policy that implies a shifting of facilities will mobilize opposition from local jurisdictions that risk losing facilities and consequently elements of their economic base.

Statutory Requirements -- Although, as noted earlier, there are no general statutory requirements on Federal field structure beyond the Rural Development Act provision, existing legislation and executive orders do proscribe or require certain agency- or program-specific field structure locations or changes.

Efficiency Considerations -- Several operational efficiency issues are constraints that will require attention as field structure policy changes are considered. These include use of existing assets, long-term leases, economical use of space, delivery of services, accessibility for clientele, and intra- or interagency cooperation, coordination, and communications needs.

None of these constraints should necessarily preclude field structure policy change. However, they all warrant careful attention as changes are considered.

Options for Consideration

Based on the review of current field structure policy, the experience and lessons learned under the current policy, and the field implications of Federalism and related Administration policies, there is a wide range of field structure policy options that the Cabinet Council on Management and Administration could consider. These include:

- A. Retain Circular A-105 as is;
- B. Refine specific elements of the policies formulated in Circular A-105; eg:
 - change number and configuration of standard regions
 - maintain standard Federal enclaves with open regional alignment
 - retain standard alignment but increase flexibility to allow for diversity
- C. Provide field structure "guidance" rather than "policy"
- D. Establish a "series" of standard policies for different "types" of programs
- E. Establish a refined policy of goals of economy and effectiveness rather than specific structure
- F. Establish no governmentwide field structure policy

The relative advantages and disadvantages of each of these options are described below.

A. Retain Circular A-105

While Circular A-105 was promulgated nine years ago, it continues to represent a reasonable balance between central management oversight of Federal field structure and agency flexibility to make adjustments to meet unique mission, program, or other needs. The policy encourages concentration of Federal assets with its recognized potential for increased economies and efficiencies and improved coordination. While agency flexibility is constrained by requirements for OMB approvals, such approvals have not been withheld for any reasonably supported request, and future requests for exceptions could expect to be similarly received. Retention of Circular A-105 would continue a reasonably flexible and adaptable field structure policy without disrupting operations or engendering further costs or political reactions, but could also be viewed as endorsing the status quo.

B. Refine Specific Elements of the Policies Formulated in Circular A-105

Principal concerns expressed about the current field structure policy are that the current number and configuration of standard Federal regions are themselves an unnecessary constraint on operations, particularly in view of the changes in the way business is conducted under the Federalism philosophy. These concerns lead to a wide range of possible modifications to Circular A-105, mostly arrayed around the number and borders of standard regions. Standardization for its own sake is perceived as having some benefits, but the specific nature of the standardization should be different and the new standard should allow increased flexibility to accommodate program diversity. This generally translates to a smaller number of standard regional headquarters cities with greater agency latitude in aligning regional boundaries around those cities.

This option tends to retain the advantages of concentrating Federal assets while at the same time making it easier for agencies to arrange regional boundaries according to program needs. Such an approach represents a reduced emphasis on standardization and central management control and is likely to result in some Congressional and State and local apprehension about potential changes.

C. Provide Guidance Rather Than Policy

This option assumes that individual agencies are the appropriate source for basic field structure policy determinations -- within a framework of minimum guidance and basic criteria provided by the central management agencies. It offers great flexibility for the agencies to adjust field structure to meet their own needs but could provide them with basic information to help them make their determinations. This information could cover such areas as Federalism considerations, realistic cost limitations, and the governmentwide implications of various approaches. This policy approach would be very loose, allowing for little central management assessment of individual agency determinations. It opens the agencies to considerable potential pressure from Congressional and other sources for specific locational decisions since they would no longer have a standard requirement beyond which to shield themselves.

D. Provide a Series of Standard Policies

This option assumes that similar "types" of agencies and programs can be identified and that standard field structure policies could be developed for each type. This would permit general tailoring of policies to program needs while simultaneously retaining the ability to take advantage of concentration of assets, etc. Such an option would be complex and complicated to implement and would likely satisfy neither the individual agencies' desire for flexibility nor the central management objectives of maximum economy and effectiveness of government operations as a whole.

E. Establish a Refined Policy of Goals of Economy and Effectiveness

Another option for field structure policy would be the promulgation of a policy statement requiring agencies to examine their field structures and develop long-range plans for increasing efficiency and effectiveness -- essentially substituting traditional management improvement goals for current field structure statements. These goals could cover items such as roles, authorities and responsibilities, size, and span of control. This could be accomplished either within or outside of the Circular A-105 context. Outside of the Circular A-105 context, this approach would permit agencies to develop any field structure that is desirable as long as it results in improved economy and efficiency. The absence of standard field structure requirements would make this approach more susceptible to political and other outside influences. Within the Circular A-105 context, the potential economies and efficiencies could be constrained as the original A-105 goals continue to be pursued (e.g., promoting interagency and intergovernmental coordination and providing common administrative services). In either case, there is no assurance that the aggregate of individual agency economies and efficiencies will necessarily mean overall savings to the government. The benefits of governmentwide asset concentration are more likely to result with the continuation of Circular A-105.

F. No Governmentwide Policy

One additional option would be to choose to establish no governmentwide field structure policy, leaving all determinations to the individual agencies. This is the maximum flexibility option, but it also involves the risk of an incoherent and uneconomical array of field structure decisions. As such, its value is limited unless central management decision-makers see no governmentwide objectives to be pursued through the Federal field structure.

Preferred Options and Recommendation

Of the various options for consideration, two seem to have the greatest potential for achieving both agency-specific and central management objectives:

- o Option B, refine specific elements of the policies formulated in Circular A-105, and
- o Option E, establish a refined policy of goals of economy and effectiveness rather than specific structure.

Expected Results

Either of these options provides a sound mechanism by which to reflect policy refinements that recognize the philosophical, programmatic, and environmental changes that have occurred since Circular A-105 was originally promulgated. In fact, both options would have the same expected results:

- o consolidation/elimination of unnecessary field offices;
- o reduction in the number of administrative support positions;
- o elimination of unnecessary administrative and programmatic layering in field operations; and
- o support for the establishment of common administrative service centers.

Different Approaches

The options differ from one another primarily in the mechanisms they would rely on to achieve these common results. Option B would establish specific policies covering:

- o reduction in the number of standard Federal regions;
- o greater latitude in the boundaries of regions;
- o standardized location of regional headquarters cities;
- o allowance for variations at agency discretion based on individual program and mission needs; and
- o provision for a central management oversight role.

Option E, on the other hand, would take a different approach. The specific economy and effectiveness goals that it would promulgate would include:

- o elimination of unnecessary field offices;
- o efficient provision of administrative support services;
- o maintenance of organizational structures supporting more effective and consistent achievement of program and mission goals;
- o maximum use of Federal assets in the field, including not only physical assets but also appropriate coordination among agencies; and
- o decentralization of appropriate programs and responsibilities to State and local government and the private sector.

Either option would clearly have to recognize and specify that there is no automatic requirement for agencies to change or eliminate current field structures if those structures are still consistent with current needs.

Different Problems

Because of their differences in approach, Option B and Option E entail different implementation problems that will require attention. The principal disadvantages of Option B would be that by focusing attention on reductions in the number of regions it would bring to the forefront the major political constraint of various Congressional interests protecting existing arrangements. The major disadvantages of Option E would be that it would involve a somewhat greater risk of central management objectives being subordinated to individual agency interests.

Similar Implementation Steps

Implementation of either of the preferred options would require a disciplined series of steps to assure that the resulting policies are effective:

- o Determination of the specific policy refinements to be made on goals to be established -- through a process involving the major agencies;

- o Definition of the specific delegations, criteria, and guidelines for change (ie, what would be expected of the agencies) -- also through a process involving the agencies;
- o Determination of the best mechanism for making the changes (eg, Executive Order, Presidential Memorandum, new or revised OMB Circular);
- o Preparation of the necessary decision documents to obtain policy approval;
- o Distribution of the draft policy statement for review and appropriate concurrences;
- o Promulgation of the policy; and
- o Monitoring of policy implementation against the specific criteria and guidelines established through the budget and other resource management processes, including periodic agency reports and evaluations.

Recommendation

Option E, establishment of a refined policy of goals of economy and effectiveness rather than specific structure is the recommended option. The following draft Executive Order and Presidential Management Directive have been developed to reflect this recommended option:

Draft Executive Order

By the authority vested in me as President of the United States of America, and in order to assure that the field structure of the Federal Government and its agencies is consistent with current policies, reflects current technological capacities, and contributes to the efficient and effective functioning of the Federal Government, and in order to prescribe appropriate policies and directives, not inconsistent with current law, concerning the field structure of Federal Government operations, it is hereby ordered as follows:

Federal Field Structure Goals

Section 1. The field structure of Federal departments and agencies shall be consistent with the following basic goals of efficiency and effectiveness:

- elimination of unnecessary layering in the delivery, administration, and support of program services;
- operation of the minimum number of field offices necessary to accomplish the agency mission;
- devolution of the operation of programs, where appropriate, to State and local governments;
- maintenance of individual field operations at a size that is commensurate with program needs and the most efficient and effective use of resources;
- use of the private sector and other external service providers, whenever possible and cost-effective;
- maintenance of a responsiveness to policies and priorities established through the political process;
- obtaining of the maximum use of already existing buildings and other assets; and
- obtaining of the maximum use of executive interchange and mobility arrangements to broaden understanding and improve communications and coordination among executives, and thereby increasing opportunities for consolidations of field structure operations and achievement of other efficiency and effectiveness options.

Agency Head Responsibilities

Section 2. The above notwithstanding, it is the responsibility of the agency head to establish agency field structures consistent with the agency's missions. It is also the agency head's responsibility to periodically evaluate the agency's field structure for consistency with agency mission and the field structure goals defined in Section 1, and to institute any changes needed to achieve that consistency.

CCMA and OMB Responsibilities

Section 3. The Cabinet Council on Management and Administration, with the assistance of the Office of Management and Budget, shall have the responsibility to monitor and evaluate the implementation of this Executive Order and to report its findings and recommendations for improvements periodically to the President.

Consultation with the Congress

Section 4. There shall be regular and thorough consultation as appropriate with the Congress on any potential modifications in Federal field structure resulting from implementation of this Executive Order.

Draft Presidential Management Directive

Background

1. Today I issued Executive Order ___ to establish a set of goals for the efficient and effective operation of the Federal field structure. These goals provide a context within which agency heads should establish the most efficient and effective field structure for meeting program and administrative requirements consistent with the agency's mission.

Agency Head Assessments of Agency Field Structure

2. Each department and agency head shall assess his or her agency's field structure in relation to the goals expressed in Section 1 of Executive Order ___, and institute any corrective actions needed. The following are the minimum criteria that shall be considered in the conduct of the assessment.

a. Number of Offices

- the number of field offices are no more than the absolute minimum needed to carry out the agency's mission and operations.
- intermediary, supervisory and review layers are held to the minimum, and exist only because they are necessary to maintain effective control and span of control.
- the span of control for each supervisory office is great enough to benefit from economies of scale. Agencies shall justify aggregate spans of control that are less than ___.
- no more than one office or unit is maintained in a single city or metropolitan area for any given administrative or support service.

b. Staffing of Offices

- the number of staff at each field office is maintained at the absolute minimum necessary to carry out those missions or operations which shall be provided by the Federal Government with agency personnel, or as part of a broader effort with other offices.

- field office staff is not maintained to provide services that are readily and economically available from other parts of the agency or from an external source.
- staff is not retained to provide services that can be obtained from common administrative support centers.
- ratios of supervisory and support personnel to program personnel are adequate, but not in excess of ratios that would be considered good business practice. Agencies shall justify ratios of supervisory personnel to program personnel that are greater than 1 to __, and of support personnel to program personnel that are greater than 1 to ____.

c. Location of Offices

- the location of field offices is governed by the following considerations:
 - o the locations of the persons or entities served by the agency, the characteristics of the services, and the requirements of those receiving the services.
 - o the locations of other Federal agencies, and particularly those providing services to the same persons and/or entities.
- the location and relocation of field offices take into account facilities already owned by the Federal Government.

d. Functioning of Offices

- delegations of authority to field offices are clearly defined, in order to avoid conflict, confusion, delay or duplication.
- the agency's field structure is consistent with authorities retained by the headquarters level and delegated to the field levels, and the responsibilities for overseeing the exercise of those authorities.
- oversight mechanisms and information systems are used to monitor and assure implementation of approved policies and programs.

- modern communications and information processing techniques (eg, teleconferencing, automatic data systems) are used to minimize manpower needs.
- field offices use common administrative support centers and interagency administrative service arrangements to the extent they are available.
- the agency's field structure takes into account the instances when it may be necessary to coordinate activities with other agencies.

e. External Source Service Arrangements

- external parties (e.g., other Federal agencies, State and local governments, non-profit organizations, business entities) are contracted with to provide program and support services, whenever it appears economically feasible.
- opportunities are sought to contract the provision of services to the persons and entities that receive the services.

Agency Reports

3. Each agency head shall provide a report of the assessment of his or her agency's field structure to the Cabinet Council on Management and Administration by September 30, 1983. The report shall include:

- the results of the assessment;
- the specific actions taken or that must be taken to make the agency field structure consistent with the provisions of Executive Order ___ and this Directive; and
- a plan and schedule for taking necessary corrective actions.

Subsequent Assessments

4. Subsequent reviews of agency field structure arrangements against the Executive Order ___ goals and the criteria specified in this Directive shall be made by the agency head annually and shall be submitted to OMB as part of the agency's annual budget request.

CCMA and OMB Actions

5. The Cabinet Council on Management and Administration, with the assistance of the Office of Management and Budget, will review the reports provided by the agencies and prepare a summary of proposed field structure actions and specific recommendations for the President.

One year following receipt of the initial agency reports and annually thereafter, OMB will conduct an evaluation of the results of the agency field structure actions taken in accordance with Executive Order ___ and this Directive and submit a report of the evaluation accompanied by recommendations to the CCMA and the President. The report will highlight the current status of the Federal field structure and any policy modifications concerning the field structure that it believes are needed.

Review of OMB Circular A-105

6. Each agency head shall also review the provisions of OMB Circular A-105, "Standard Federal Regions", simultaneous with the assessment of the agency's field structure required above, and submit a report on that review to OMB by September 30, 1983. The report shall include recommendations, if any, for revising the Circular to assure that it is not an inhibitor to efficient and effective agency field structure and provides maximum reasonable flexibility in field structure decisions and actions. OMB shall review the recommendations and consider the need to revise the Circular, assuring its compatibility with Executive Order ___ and this Directive.

Employment Reductions

7. It is expected that actions taken in accordance with Executive Order ___ and this Directive will result in significantly reduced staffing requirements of _____ positions due to consolidations, colocations, and other steps to improve efficiency and effectiveness. The Director of OMB, with the assistance of the CCMA, will allocate specific employment reduction targets for each agency. The agency heads will be responsible for achieving these reduction targets by fiscal year 1986.

Effective Date

8. This Directive is effective immediately and remains in effect until rescinded.

Appendix A

Participants on the Interagency Task Team

Office of Management and Budget

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Department of Agriculture

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Field Structure Policy Review
Current Policy Statements and Summary of Comments

<u>Statement</u>	<u>Source</u>	<u>Summary of Comments</u>
<p>1. <u>Rural Policy</u> Congress hereby directs the heads of all executive departments and agencies of the Government to establish and maintain departmental policies and procedures giving first priority to the location of new offices and other facilities in rural areas as defined in the private business enterprise exception in section 1926(a)(7) of Title 7.</p>	Rural Development Act of 1972	No problem. Leave as is.
<p>2. <u>Coverage and Exemptions</u> Circular A-105 applies to all domestic Federal departments and agencies, and to any new Federal departments or agencies that may be created, except as exempted. Departments and agencies currently exempted from the provisions of this Circular and criteria for determination of any future exemptions are listed in Attachment.</p>	OMB Circular A-105	Ranged from the provision not being a hindrance to its being too constraining and not permitting needed flexibility. Value: concentration of resources and protection from outside influences.
<p>3. <u>Long Range Goal</u> Domestic Federal departments and agencies are responsible for compliance with the standard Federal region policy as a long-range goal.</p>	"	Ranged from indifference to questioning current validity of the goal.
<p>4. <u>Compliance</u> There is no requirement for agencies not in full compliance to initiate changes in existing regional or sub-regional organizational structures solely for the purpose of complying with the provisions of Circular A-105. However, when other considerations dictate a need for changes, and law permits, compliance is required.</p>	"	Ranged from providing necessary flexibility to making A-105 a "paper tiger." Generally believed it should be retained.
<p>5. <u>Approval</u> Prior approval of the Office of Management and budget is required only when proposed changes require a deviation or exception to a standard region policy.</p>	"	Ranged from no problem to questioning whether OMB should have approval authority.

10-1

Appendix B

Statement	Source	Summary of Comments
<p>6. Consultation</p> <p>In furtherance of the objectives of Circular A-105, departments and agencies should assure that other Federal agencies and State and local units of government which may be affected by proposed changes in regional and sub-regional structures are consulted prior to the agencies' final approval of such changes.</p>	OMB Circular A-105	Generally viewed as a reasonable concept. Some concern about political problem of trying to satisfy everyone.
<p>7. Combinations of Regions</p> <p>As a general policy, departments and agencies are required to conform to ten standard regions or combinations thereof. The major objective is to achieve as much consistency and compatibility among agencies as is practical, rather than force all agencies into a completely uniform system.</p>	"	Generally seen as unnecessarily constraining. Prefer greater latitude and fewer regions.
<p>8. Regional Boundaries</p> <p>As a minimum, regional boundaries shall be established in such a manner as to either conform to or combine standard regions.</p>	"	Generally viewed as not being of value; too constraining.
<p>9. Approved Combinations</p> <p>The combinations of Region I (Boston) with Region II (New York), Region VII (Kansas City) with Region VIII (Denver) and Region IX (San Francisco) with Region X (Seattle), are acceptable without OMB approval when agency missions and economies warrant less than the ten regions.</p>	"	Seen as not necessary in view of policy statement No. 7.
<p>10. Approval Requirement</p> <p>All other combinations of standard regions require prior approval from OMB.</p>	"	All approved requirements should be combined into one statement.
<p>11. Regional Cities</p> <p>As a long-range goal, Federal departments and agencies are required to locate their regional offices in the standard regional headquarters cities listed in Attachment.</p>	"	Generally see value of economies resulting from concentrations of Federal activities.

10-2

<u>Statement</u>	<u>Source</u>	<u>Summary of Comments</u>
<p>12. <u>Physical Proximity</u> In addition, regional offices should be located within close physical proximity to facilitate interagency and intergovernmental coordination as well as convenient access by State, local, and other officials dealing with a variety of Federal agencies.</p>	OMB Circular A-105	Generally support co-location concept.
<p>13. <u>Sub-regional Compatibility</u> Sub-regional office locations and boundaries should be established to maximize, insofar as possible, consistency and compatibility with the organizational structures of other Federal agencies, States, and local governments.</p>	"	Generally see need for greater flexibility for the agencies.
<p>14. <u>Sub-regional Boundaries</u> As a minimum, sub-regional office boundaries within a region should be organized to maintain the integrity of the standard Federal region boundary system and State boundaries.</p>	"	Generally prefer agency flexibility.
<p>15. <u>Deviation Approval</u> Establishment or realignment of sub-region offices which will require deviation from the policy to maintain integrity of standard Federal regions and state boundaries must be approved in advance by OMB.</p>	"	All approval requirements should be consolidated into one statement; but preference is for agency discretion.
<p>16. <u>Planning Districts</u> Departments and agencies should also assure that sub-regional office boundaries are compatible, insofar as possible, with State-designated planning districts.</p>	"	Generally not viewed as a problem.
<p>17. <u>Indian Reservations</u> The Indian reservations which cross standard Federal regional boundaries are assigned to a single region as follows:</p> <ul style="list-style-type: none"> • <u>Region VIII (Denver)</u> — Pine Ridge and Ute mountains; • <u>Region IX (San Francisco)</u> — Navajo, Duck Valley, Fort McDermott, Goshute. 	"	Ranged from "not necessary" to "works well as is" to "depends on each program."

10-3

Summary of Comments

Statement

Source

18. Urban Locations

The process for meeting Federal space needs in urban areas shall give first consideration to a centralized community business area and adjacent areas of similar character, including other specific areas which may be recommended by local officials.

E.O. 12072

Generally no problem.

Appendix C

Federal Field Structure Policy Review

Additional Appendix Material Available

The following additional material related to this report is being maintained in the official files established for the Federal Field Structure Review project:

- o Background Paper, Field Structure (March 1983 OMB paper)
 - traces evolution of field structure policy from 1952-1983. (13 pages)
- o A-105 Experience (March 1983 OMB paper)
 - covers waiver activity under OMB Circular No. A-105 from January 1, 1981 to the present. (7 pages)
- o Administration Goals and Actions Influencing Field Structure (March 1983 OMB paper)
 - outlines Federalism, Reform '88 management improvement, and anti-fraud and waste philosophies and policies. (2 pages)
- o OMB Circular A-105
- o Rural Development Act of 1972 -- field office location provision
- o E.O. 12072 - urban field office location provision
- o Field Structure Policy Review Schedule
- o Field Structure Policy Review Instructions (for agency participants)
- o Agency participants' submissions covering review of current field structure policy:
 - Agriculture
 - Energy
 - EPA
 - GSA
 - HHS
 - HUD
 - Transportation