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Report to Sen. Warren G. Magnuson; Sen. Henry M. Jackson; by Victor L. Lowe, Director, General Government Div.

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Congressional Relevance: Sen. Warren G. Magnuson; Sen. Henry M. Jackson.

The impact of Federal agency reorganizations on the State of Washington and other States in Federal Region X were analyzed following expressions of concern about the impact of these reorganizations on intergovernmental working relationships, the delivery of program services, and on Federal employment levels. In a review of Federal agency reorganizations which have taken place since January 1977, no current Federal policy or plan was found to favor either centralization or decentralization. The President's Reorganization Project Director confirmed that no such overall policy or plan exists to guide reorganization efforts in either direction. Intergovernmental experts agreed that no clear trend had been established and that reorganizations were being undertaken without apparent insight into how one agency's structural changes affect another agency's program delivery or intergovernmental relations in general. The impact of most of the reorganizations is generally not clear, and State and local officials were frequently unable to suggest what the service delivery impacts might be. (RRS)

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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

GENERAL GOVERNMENT DIVISION

B-191694

MAY 25 1978

The Honorable Warren G. Magnuson
The Honorable Henry M. Jackson
United States Senate

Dear Senators Magnuson and Jackson:

In your letter of January 16, 1978, you requested that we analyze the impact of Federal agency reorganizations on the State of Washington and other States in Federal region X. You stated that certain reorganizations pointed toward centralization of Federal decisionmaking authority in Washington, D.C., and you were concerned about the rationale and interrelationships with presidential plans for executive branch reorganization. You expressed particular concern about the impact these reorganizations would have on intergovernmental working relationships; the delivery of program services to private citizens and public agencies at the State, regional, and local levels; and on Federal employment levels.

You asked us to review the reorganization plans and actions of the following Federal agencies: Department of Health, Education, and Welfare in general, and the Office of Education and the Health Care Financing Administration in particular; Department of Labor; Department of Housing and Urban Development; Environmental Protection Agency; Department of Transportation; Law Enforcement Assistance Administration of the Department of Justice; the Farmers Home Administration, Soil Conservation Service, and the Agricultural Stabilization and Conservation Service of the Department of Agriculture; and the Economic Development Administration of the Department of Commerce.

In response to your request we reviewed reorganizations accomplished or planned since January 1977 in the agencies you named. We devoted little attention to organizational changes that affected more than one department, because these resulted from legislative action or Presidential Reorganization Project proposals which receive legislative scrutiny before implementation.

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We focused our attention instead on changes in regional and subregional decisionmaking authority and Federal employment levels. In characterizing changes, we considered the transfer of program decisionmaking authority to higher organization levels as representing a centralization action. As a result, we considered reduction in the number of field offices to indicate centralization, and increases in the number of field offices to indicate decentralization.

We discussed the actual or anticipated impact of the reorganizations with numerous officials of Federal, State, and local governments; school districts; citizen organizations; councils of government; financial institutions; private businesses; and medical institutions in the States of Washington, Oregon, Idaho, and Alaska. We also discussed the changes with Federal agency headquarters officials in Washington, D.C. The enclosure lists the various Federal, State, and local governments in addition to other organizations and groups whom we interviewed regarding Federal agency reorganizations. As agreed with your staff, we devoted particular attention to the impact of the Department of Housing and Urban Development's reorganization in region X and elsewhere in the West and provided you a separate report on April 25, 1978.

DECENTRALIZATION VS. CENTRALIZATION: NO CLEAR TREND

In reviewing Federal agency reorganizations which have taken place since January 1977, we found no current Federal policy or plan favoring either centralization or decentralization. The President's Reorganization Project Director confirmed that no such overall policy or plan exists to guide reorganization efforts in either direction. He said that Federal agencies have been given authority to reorganize without such guidance. He hoped, however, that with the completion of a Presidential Reorganization Project study on the Federal regional structure, including Federal regional councils, guidance would be provided to agencies later this year regarding the question of centralizing decisionmaking authority.

Our review of various reorganizations--planned or actual--did not show a clear pattern of centralization or decentralization. Intergovernmental experts interviewed said that no clear trend had been established and that reorganizations were being undertaken without apparent insight into how one agency's structural changes affect another agency's program delivery or

intergovernmental relations in general. One said that no clear concept has yet been developed on how the Federal Government should relate to its own field operations or to State and local governments. Another said that, because no clear sense of direction toward decentralization has developed, Federal capacity for field-level program coordination is disappearing as agencies reorganize independently of impacts on other agencies and programs.

The Advisory Commission on Intergovernmental Relations, while finding no clear shift to centralization, has noted "clear signs of recentralization," such as the recalling of authority from Federal agency field offices. Of the organizational changes discussed in this report, however, some tend to centralize authority at higher organizational levels, others tend to decentralize authority, and still others do not appear to move decisionmaking authority.

Some reorganizations tend to centralize decisionmaking authority

In the cases discussed below, agency reorganizations point toward centralization of decisionmaking authority. Federal employment changes in Washington State occurred where noted.

--Effective October 1, 1977, the Attorney General abolished all Law Enforcement Assistance Administration regional offices, transferring their functions to Administration headquarters in Washington, D.C., and to four regional audit offices. These functions included plan review, program monitoring, and technical assistance. Federal employment in Washington State was reduced by 23 positions.

--On July 19, 1977, the Secretary of Health, Education, and Welfare abolished the Office of Education regional office structure and replaced it with separate regional office structures for Educational Programs and Student Financial Assistance Programs. The Student Financial Assistance function was left virtually unchanged. The Educational Programs function, however, lost all specific program responsibilities to the central

office in Washington, D.C., and its specialist positions were transferred to the central office or converted to generalist positions responsible for technical assistance and information dissemination. Federal employment in Washington State was reduced by 14 positions.

--The Secretary of the Department of Housing and Urban Development is consolidating multifamily program functions into fewer offices nationally. Several other program operations and technical assistance functions are being removed from regional offices to area offices and Washington, D.C., thus strengthening central office control over field operations. In region X, the multifamily function is being removed from the Spokane, Washington, and Boise, Idaho, offices. Department employment in the State of Washington will decrease by 11 positions.

--The Environmental Protection Agency region X administrator said that regional authority to turn a case over to the Department of Justice has been withdrawn and transferred to the central office in Washington, D.C. Previously, the regional office referred cases to the local U.S. attorney. According to agency officials, the change was made to permit the Department of Justice to monitor the work of local U.S. attorneys on environmental enforcement actions.

Two proposals, still under discussion and review, would also have a centralizing effect:

--Various health agencies of the Department of Health, Education, and Welfare's Public Health Service, have developed plans for delegating authority to regional offices, with some possibility that regional health administrators would lose their present line authority over regional program administrators to their counterparts in Department headquarters. This change, if made, would involve withdrawing some decisionmaking authority from the regions.

--A Department of Transportation study, referred to by the Department as an "option paper," proposed a reduction from 10 to 6 regional office locations by consolidating regions. Region X was one of the offices discussed for consolidation. The study noted that substantial additional analysis was needed.

Some reorganizations tend to decentralize decisionmaking authority

In contrast, other Federal agencies' reorganizations appear to point toward decentralization.

--The Urban Mass Transportation Administration of the Department of Transportation has given regional offices approval authority for grants up to $5 million to population centers of less than 1 million people. Employment in the State of Washington is to be increased by two positions.

--The Farmers Home Administration of the Department of Agriculture is increasing the number and/or staffing of district offices to segregate certain functions and improve efficiency and quality of program service delivery. The reorganization plan for the State of Washington proposes to move some loan approval authority from the State office to the district offices within the State and to increase the number of district offices from four to nine over the next 4 years.

--The Department of Commerce's Economic Development Administration plans to create two additional regional offices (New York and Boston) by October 1, 1978, and two more (Kansas City and San Francisco) probably before the end of fiscal year 1979, thus expanding its regional offices from 6 to 10. The new

office in San Francisco will reduce the geographic responsibilities of the Seattle office and transfer about 50 percent of the Seattle workload to San Francisco. The reorganization would shift about 15 to 20 professional staff positions from Seattle to San Francisco.

Many reorganizations neither centralize nor decentralize authority; or they show mixed signals

Many Federal agency reorganizations reviewed appear to neither centralize nor decentralize authority, or they tend to give mixed signals for the direction of the change. Offices in various Departments--Health, Education, and Welfare; Transportation, Agriculture--and in the Environmental Protection Agency have regrouped or plan to regroup internally through shifts of program responsibilities among agencies without apparent effect on regional staffing or authority.

Some Departments (Labor; Health, Education, and Welfare; and Housing and Urban Development) eliminated regional director positions which had or appeared to have had some line authority and replaced them with positions with reduced or no line authority. Although we cannot substantiate that this would centralize decisionmaking authority, some intergovernmental experts have theorized that these changes hamper decentralization.

IMPACTS OF REORGANIZATIONS ON THE DELIVERY OF SERVICES WERE GENERALLY UNCLEAR

The impact of most of the reorganizations noted is generally not clear. Some changes are either in proposed stages, awaiting implementation, in process, or only recently implemented. Accordingly, State and local officials were frequently unable to suggest what the service delivery impacts might be. The principal concerns expressed, other than those associated with the Department of Housing and Urban Development reorganization, are discussed below.

--A few State officials fear loss of program information and technical assistance as a result of the Office of Education regional

reorganization. However, most State and school district officials interviewed did not foresee adverse impacts from the change.

--Some local officials indicated the Urban Mass Transportation Administration's partial decentralization of grant approval authority would result in greater sensitivity to local needs and problems, especially in smaller areas, and quicker approval of grant applications.

--Some State agency officials were concerned with the Law Enforcement Assistance Administration's elimination of regional offices because (1) they now experience difficulty in getting information, technical assistance, and decisions from Administration headquarters and (2) travel and telephone calls to Washington, D.C. are much more expensive. Although some local government officials were concerned with loss of technical assistance, most did not foresee any negative impact.

CONCLUSIONS

We found no clear trend emerging from agency reorganizations to either centralize or decentralize Federal decision-making authority, nor has an executive branch plan been developed to coordinate agency reorganizations. Decisions on Federal regional presence, including Federal regional councils, await completion of ongoing studies. Overall policy guidance on centralizing or decentralizing has not been provided to agencies as reorganizations are being planned or implemented individually.

At your request, we did not take the additional time needed to obtain written agency comments on the matters discussed in this report. Copies of the report will be provided to interested parties.

Sincerely yours,

Victor L. Lowe

Victor L. Lowe
Director

Enclosure

ENCLOSURE

AGENCIES AND ORGANIZATIONS CONTACTED

FEDERAL GOVERNMENT

Department of Housing and Urban Development (Washington, D.C.; Seattle, WA; Denver, CO; Helena, MT; Albuquerque, NM; Sioux Falls, SD; Anchorage, AK; and Spokane, WA)

- Federal Disaster Assistance Administration (Seattle, WA)

Department of Health, Education, and Welfare (Washington, D.C.; Seattle, WA)

- Office of Education (Washington, D.C.)
- Office of Educational Programs (Seattle, WA)
- Office of Student Financial Assistance (Seattle, WA)
- Health Care Financing Administration (Washington, D.C.; Seattle, WA)
- Social Security Administration (Baltimore, MD; Seattle, WA; Anchorage, AK)
- Office of the Deputy Assistant Secretary for Health Programs (Washington, D.C.)
- Public Health Service (Washington, D.C.; Seattle, WA)
- Office of Human Development Services (Washington, D.C.; Seattle, WA)

Department of Agriculture (Washington, D.C.)

- Soil Conservation Service (Portland, OR; Ephrata and Yakima, WA; Boise, ID; Anchorage, AK)
- Agricultural Stabilization and Conservation Service (Yakima and Wenatchee, WA; Portland, OR; Boise, ID; Anchorage, AK)
- Farmers Home Administration (Washington, D.C.; Ephrata, Wenatchee, and Auburn, WA; Boise, ID; Bozeman, MT; Anchorage, AK)

Economic Development Administration, Department of Commerce (Washington, D.C.; Seattle, WA; Anchorage, AK)

Environmental Protection Agency (Washington, D.C.; Seattle, WA; Anchorage, AK)

Law Enforcement Assistance Administration, Department of Justice (Washington, D.C.; Anchorage, AK; Seattle, WA--former regional officials)

ENCLOSURE

Department of Transportation (Washington, D.C.; Seattle, WA)

- Urban Mass Transportation Administration (Washington, D.C.; Seattle, WA)
- Federal Railroad Administration (Portland, OR)
- Coast Guard (Juneau, AK)
- Federal Highway Administration (Juneau, AK; Portland, OR)
- Federal Aviation Administration (Washington, D.C.; Seattle, WA; Anchorage, AK)

Department of Labor (Washington, D.C.; Seattle, WA; Anchorage, AK)

- Mine Safety and Health Administration (Washington, D.C.; Seattle, WA)

STATE GOVERNMENTS

Washington

Department of Social and Health Services
Commission for the Blind
Commission for Vocational Education
Board for Community College Education
Superintendent of Public Instruction
Office of Community Development/Law and Justice Planning Division
Department of Emergency Service
Economic Development Representatives
State A-95 Coordinator
Conservation Commission

Oregon

Department of Human Resources
Office of the Superintendent of Public Instruction
Emergency Services Division
Law Enforcement Council
State Planning Agency
Office of the Governor

Idaho

Idaho State Blind Commission
Administration on Aging
Welfare Administration

ENCLOSURE

Rehabilitation Service
Department of Education
Department of Health and Welfare
Idaho Housing Agency
Legal Aid Services
Adjutant General
Economic Development Representative
Law Enforcement Planning Commission
Division of Budget, Policy, Planning, and Coordination

Alaska

Office of Internal Review
Department of Health and Social Services
Vocational Rehabilitation
Department of Education
State Housing Authority
Division of Economic Enterprise
Criminal Justice Planning Agency
Division of Public Safety
State Experimental Farm
Division of Agriculture
Division of Lands
Division of Community and Regional Affairs
Transportation Commission
Division of Personnel and Labor Relations
Department of Commerce and Economic Development
Division of Emergency Services

LOCAL GOVERNMENTS

Washington

La Conner School District
Auburn School District
North Kitsap School District
Edmonds School District
Bellevue School District
Seattle School District
Edmonds Community College
Arlington School District
Central Kitsap School District
Olympia Inter-City Transit Authority
Bellingham City Transit Company

ENCLOSURE

Seattle Transit, Metro
Snohomish County
Snohomish County Public Transit Benefit Area
Thurston County
Seattle Fire Department
City of Seattle
King County
Seattle City Council
City of Everett
Northwest Regional Council (Bellingham)
Conservation Districts
City of Tacoma
Puyallup Tribe

Oregon

Multnomah Intermediate Education District
Portland School District
Salem Public School District
Columbia Region Association of Governments
Mid-Willamette Valley Council of Governments
Portland City Commissioner's Office
Multnomah County
Portland Justice Programs Department
Washington County

Idaho

Boise School District
Boise State University
Ada County
Ada County Planning Association
Law Enforcement Planning Commission, Region II
Farmers Home Administration County Directors

Alaska

Superintendent of Schools (Juneau/Douglas)
City of Juneau
City of Anchorage
Alaska Municipal League

OTHER ORGANIZATIONS & GROUPS

Washington

Washington State Headstart Association/Neighborhood House Child Health Services
Providence Hospital
University of Washington
Washington Physicians Service
Aetna Insurance
Blue Cross-Blue Shield
Securities Intermountain, Inc. (mortgage bank)
Washington Mortgage Corporation
Barbieri, Goodale & Barbieri (real estate management)
Sherrick, Commerce Mortgage Company
Pacific Area of the National Association of Conservation District

Oregon

University of Oregon
Oregon State University
Heylman, Cummings and Associates (architect)
Farmer-Merchants Bank

Idaho

Idaho State University
Sherwood & Roberts (developer)
Utah Mortgage Loan Corporation
Home Builders Association
Idaho First National Bank
Saint Luke's Hospital
Bunker Hill Company (mining company)
Sunshine Mining Company
Heckla Mining Company

Alaska

Federation of Natives
Alaska Bank of Commerce
Home Builders Association
Teamsters Union - Local 959