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Key Issues

ADMINISTRATION

Transfer of Contract Compliance Responsibility from the Department of Transportation to the Department of Commerce.

Ensure that the Equal Employment Opportunity Enforcement Activities of the Economic Development Administration do not duplicate the Enforcement Activities of other Federal Agencies.

Administration of Public Law 89-306 in Regard to the Procurement of ADP Resources

Application of Policies for Reliance on the Private Sector (OMB Circular A-76) to ADP Requirements

Consolidation and Strengthening of Department ADP Management

System of Source Evaluation Boards and Source Selection Officials

Automated Procurement Data System

Office of Minority Business Enterprise Program Contracts

Productivity Management Program

Office of Administrative Services and Procurement Quality Standards

Need for More Effective Controls Over Computerized Payroll Processing Operations

Study of Department Utilization of Economic Intelligence to Improve Intelligence Support, and Creation of a Secure Environment for the General Handling of Intelligence Information

Organization and Mission of the Department

Impact of Federal Reorganizations on the Department

Role and Organization of the Domestic and International Business Administration



Information Policy Issues

Impact of the Consolidation of Federal Statistical Function

Status of the National Technical Information Service

Joint State/Commerce Evaluation of the Commercial Function



Transfer of Contract Compliance Responsibility from the
Department of Transportation to the Department of Commerce

Background:

The Labor Department is responsible for administering the contract compliance program under Executive Order 11246 as amended.

Executive Order 11246, as amended, prohibits employment discrimination by Federal contractors or subcontractors on the basis of race, color, sex, religion, or national origin. At the present time, Labor has delegated authority for enforcing the provisions of the Executive Order to 16 Federal Agencies (compliance agencies). Labor proposes to reduce the number of compliance agencies from 16 to 10. This proposal is consistent with recommendations made by the U. S. Commission on Civil Rights in 1975.

Labor's consolidation plan provides that "supply and services" contract compliance responsibilities of the Department of Transportation be transferred to the Department of Commerce. This includes the inland maritime industries, port authorities, and commercial airlines. The Department currently has compliance responsibility for the maritime industry in coastal states. The operational aspects of the program are administered by the Maritime Administration.

The Department has expressed its support for Labor's proposed consolidation plan as a means of improving the Government's anti-discrimination program and has met with Labor representatives to discuss implementation of the plan. The Department of Transportation has protested the transfer of the commercial Airline Industry to Commerce.

Issue

The assumption of jurisdiction for inland maritime industries and port authorities is generally consistent with the mission the Department's Maritime Administration. The assumption of jurisdiction for the Airline Industry is not consistent with the mission of the Maritime Administration nor with any other

unit within the Department. Accordingly, the Department must determine if it wishes to continue to support the proposed consolidation even if this results in the transfer of responsibilities for the Airline Industry to Commerce.

Analysis of Issue:

The Department's Contract Compliance Program is one of the most effective in government for achieving equal employment opportunity for minorities and women. In addition, the program has been administered on a sound legal and administrative basis thereby avoiding industry resistance and allegations of reverse discrimination which have plagued other compliance programs. The Department has expressed a strong interest in retaining its contract compliance program. Since the Department of Labor appears determined to reduce the number of compliance agencies, the alternatives for the Department appear to be either to assume responsibility for the additional industries recommended by Labor or having its contract compliance function transferred to another compliance agency.

Schedule:

The consolidation plan is to become effective in FY 1978. The plan is now being reviewed by OMB. We are not certain when a final decision will be made by OMB.

Ensure that the Equal Employment Opportunity Enforcement Activities of the Economic Development Administration Do Not Duplicate the Enforcement Activities of other Federal Agencies

Background:

Under Title VI of the Civil Rights Act of 1964, the Economic Development Administration is responsible for ensuring that recipients of EDA assistance do not discriminate on the grounds of race, color, or national origin. Normally, Title VI of the Civil Rights Act of 1964 does not apply to the employment practices of recipients of Federal financial assistance. EDA is an exception because one of the primary purposes of its assistance programs is to create new employment opportunities or save existing jobs.

The major Federal equal employment opportunity activities are conducted by the Equal Employment Opportunity Commission (EEOC) under Title VII of the Civil Rights Act of 1964 and the Office of Federal Contract Compliance Programs (OFCCP) under Executive Order 11246. Almost all major private sector employers are subject to Executive Order 11246 and Title VII jurisdiction extends to even relatively small employers. The fact that EDA, EEOC and OFCCP all have jurisdiction over private sector employers indicates a potential for duplication of compliance effort in the private sector.

Heretofore, EDA has not pursued a vigorous enforcement effort for private sector employers and, therefore, the problem of duplication of enforcement effort has not received close attention. Recently, the Department of Justice issued an evaluation report of EDA's Title VI programs. The evaluation stressed EDA's limited compliance activity with private sector employers and recommended that EDA expand its efforts in this area.

Analysis of Issue

EDA has a legal obligation for enforcing Title VI in its program of Federal financial assistance. The Justice Department has Government-wide responsibility for coordinating Title VI programs. The Department has urged EDA to consider various alternatives in enforcing Title VI so that the goal of an effective enforcement program can be met without duplicating the activities of other Federal agencies. We have also advised Justice of our concerns in this area.

Schedule

Currently, EDA is conducting a study of its civil rights programs. While the study was designed and approved prior to the issuance of the Justice report, there is sufficient flexibility for EDA to address the issue of duplication of enforcement activities as well as other matters of concern raised by the Department of Justice and EDA has agreed to do this. We will suggest to the Department of Justice that they meet with representatives of the Department and EDA prior to the issuance of EDA's study to ensure that their perspectives, as the lead Agency for Title VI programs, are fully considered. The study is to be issued in March of 1977.

OFFICE OF ADP MANAGEMENT

ADMINISTRATION OF PUBLIC LAW 89-306
IN REGARD TO THE
PROCUREMENT OF ADP RESOURCES

Background: Public Law 89-306, enacted in October 1965, authorizes and directs the Administrator of GSA to "coordinate and provide for the economic and efficient purchase, lease, and maintenance of automatic data processing equipment by Federal agencies". The law also authorizes the Administrator to delegate this procurement authority to agencies to the extent he determines such action to be necessary and desirable. In fulfilling its responsibility under the law, GSA has established certain documentation requirements that must be met before GSA will conduct an ADP procurement or grant a delegation of procurement authority (DPA) to an agency. More stringent requirements apply for non-competitive ADP procurements.

In an October 1976 report, the House Committee on Government Operations presented its findings and recommendations on the administration of Public Law 89-306 in regard to the procurement of ADP resources. In summary, the Committee cited GSA for failing to administer the Act effectively, OMB for failing to provide adequate policy direction, NBS for failing to develop standards and user agencies for failing to fully support and comply with the provisions of the Act.

The Department's procurement activities, including those for ADP resources, have been centralized for the most part in the Office of Administrative Services and Procurement. The ADP procurement function was transferred to the new Office of ADP Management, effective November 1, 1976.

Issue: Develop an effective program for (1) processing ADP procurement actions in an efficient and timely fashion, (2) maximizing competitive ADP procurements and the use of functional specifications, (3) ensuring compliance with GSA limitations on DPA's, and (4) ensuring compliance with GSA requirements for procurement justification documents.

Analysis of Issue: As a first step, the Department needs to develop a close working relationship and cooperative spirit with GSA ADP procurement personnel (Automated Data and Telecommunications Service), since the vast majority of procurement actions, in terms of dollar value, fall within their purview. The Department should initiate early communication pertaining to imminent procurements with both GSA and the operating units. In regard to the latter, the Departmental Office of ADP Management needs to coordinate during the initial stages of requirements assessment to ensure that the resulting procurement specifications are not unduly biased.



Schedule: Conduct of initial discussions with counsel for House
Committee on Government Operations, Commissioner of
ADTS and GAO counsel. Completed November 1976

Conduct of follow-on discussions with the above
groups. Continuing

Recruitment and assignment of Departmental ADP
Procurement staff. 1st Qtr. 1977

Development and issuance of Department procedures for
processing ADP procurements. 1st Qtr. 1977 and continuing

OFFICE OF ADP MANAGEMENT

APPLICATION OF POLICIES FOR
RELIANCE ON THE PRIVATE SECTOR
(OMB CIRCULAR A-76) TO ADP REQUIREMENTS

Background: OMB Circular A-76, revised effective August 30, 1967, prescribes the basic policies to be applied by agencies in determining whether commercial and industrial products and services used by the Government are to be provided by private suppliers or by the Government itself. Although the general policy is to rely on the private enterprise system to satisfy the Government's needs for products and services, agencies have generally purchased or leased equipment and facilities to provide their own automatic data processing services.

In June 1976, the Department established an internal regulation that all ADP requirements studies in support of planned acquisitions of ADP equipment include an A-76 comparative cost analysis or a statement of the condition which would exempt the acquisition from the provisions of A-76.

Recognizing the Government's heavy involvement in ADP operations, the Office of Management and Budget recently issued for comment a draft transmittal memorandum to Circular A-76 specifically to provide guidelines for applying this policy to ADP requirements. (Some groups, primarily comprised of computer equipment manufacturers, have contended acquisition of ADP equipment by the Government for in-house use and operation is in compliance with the Government's policy.)

Issue: Identify what further policies and procedures the Department should establish or implement to achieve full application of the policies for reliance on the private sector to ADP requirements.

Analysis of Issue: The Department's regulation mentioned above is directed to applying A-76 policies to the acquisition of new or additional ADP equipment. However, the Department needs to implement a program for the systematic review of presently installed computer systems to determine if continued in-house operation is justified in accordance with A-76. This will involve Departmental review, update or preparation of cost analyses comparing the alternative approaches. Additional Departmental guidance may be needed in regard to the principles and techniques to be used in performing such comparative analyses.

Schedule: Identification of DOC computer installations for prototype A-76 study. Completed November 1976

Identification of additional Commerce-operated ADP facilities subject to A-76. 1st Qtr. 1977

Decision by OMB on supplemental guidelines for application of A-76 policies to ADP requirements. 1st Qtr. 1977

Review of A-76 comparative cost analyses of six
Commerce-operated facilities.

1st-3rd Qtr. 1977

Issuance of Department guidance and implementing
procedures.

4th Qtr. 1977

OFFICE OF ADP MANAGEMENT

CONSOLIDATION AND STRENGTHENING
OF DEPARTMENT ADP MANAGEMENT

Background: The Department's central ADP management staff, prior to March 1972, consisted of two professionals who primarily reviewed and recommended approval or disapproval of operating units' requirements for ADP equipment and services. This staff also served as Commerce's focal point on Government ADP policy and reporting requirements.

In March 1972, three additional positions were assigned to the ADP management function to keep pace with the growth in ADP requirements and to provide programs for long-range planning and software management and to increase attention on ADP budgetary and financial matters. At the same time, the Department's central computer facility was transferred into the same office with the ADP management group. In November 1976 the Office of ADP Management was established consisting of the two groups identified above (now called ADP Policy and ADP Operations Divisions) and an ADP Procurement Division. This Office reports directly to the Assistant Secretary for Administration and its formation consolidates all Departmental ADP responsibilities in one office.

Issue: Given this organizational consolidation, develop and implement the necessary programs and procedures to actually effect a consolidation and strengthening of the Department's management of its ADP resources.

Analysis of Issue: The organization of ADP functions in one office provides the opportunity for the Departmental Office of ADP Management to take a more active role in (1) evaluating the performance of Commerce computer facilities to maximize utilization of existing resources, (2) monitoring Department compliance with Federal Information Processing Standards (FIPS), (3) developing further a system for long-range planning for early identification of ADP requirements.

Schedule: Develop program for conducting computer installation evaluations. 4th Qtr. 1976

Perform computer performance evaluations at six Commerce facilities. 1st thru 3rd Qtr. 1977

Refine and reinstitute Department long-range ADP planning system. 1st Qtr. 1977

Develop procedures for monitoring compliance with Federal ADP standards. 2nd Qtr. 1977

Appendix: None



OFFICE OF ADMINISTRATIVE SERVICES AND PROCUREMENT
SYSTEM OF SOURCE EVALUATION BOARDS AND
SOURCE SELECTION OFFICIALS

BACKGROUND - Acquisition of goods and services is among the most important internal functions performed in the Department of Commerce. The Department's procurement totalled approximately 493.7 million during the 15-month period covering FY 76 and transition quarter. The systems used, of which source evaluation and contractor selection is an intricate part must be such that individuals performing within it are challenged to high standards of performance because their efforts contribute to and form an important part of the Government's decisionmaking process. In April 1976, a management project to develop and implement uniform Department procedures for establishment and operation of Source Evaluation Boards (SEB) and designation of Source Selection Officials (SSO) for evaluation and decisionmaking in the competitive negotiated procurement process, was established.

ISSUE - Review of evaluation and selection procedures used or failure to establish such procedures indicated absence of uniformity throughout the Department and major operating activities having procurement authority for evaluation of proposals and contractor selection. Without standardization and uniformity of procedures for conducting the Department's public business, the principal objectives of proposal evaluation and source selection are impossible to attain. As a result, techniques employed in conducting Departmental procurement business in this area is often subject to critical review by internal Government officials and the business public.

ANALYSIS OF ISSUE - Since the primary objectives of proposal evaluation and source selection are to insure impartial, equitable, and comprehensive evaluation of competitive proposals and to assure selection of that source whose proposal and capability offers optimum satisfactory attainment of Government objectives including cost, schedule and performance, it is essential that criteria for procedures and their application be uniform. Based upon establishment and implementation of such procedures, it can be assured that:

a. individuals in major executive positions will be fully responsible for source selection decisions made;

b. a balanced appraisal of all factors in the source selection process will be accomplished by constituting an advisory group of senior and knowledgeable professional personnel to participate in the process; and

c. consistent procedures are established to improve the effectiveness of review and approval and to increase Government and industry's understanding and acceptance of these procedures.

SCHEDULE - A copy of the project milestone plan and schedule is attached.

SYSTEM OF SOURCE EVALUATION BOARDS
AND SOURCE SELECTION OFFICIALS

d April 28, 1975

Objective	Change in Status											
	1976			1977			1978			1979		
Milestones	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
(1) Identify and review procedures currently used by Departmental offices and major operating activities.							0					
(2) Review contract awards resulting from competitive negotiations to develop criteria for applicability of proposed procedures to achieve basic procurement objectives.									0			
(3) Develop initial draft of proposed procedures and circulate to applicable activities for review and comment.												0
(4) Review comments received, coordinate as necessary, prepare and circulate for review and comment a final draft of proposed procedures.			0									
(5) Review comments received, prepare final procedures, obtain necessary approvals and clearances, submit for signature, publication and distribution.						0						
(6) Implementation effective October 1, 1977.										0		

FORM SEC-904
(2-76)

MBO TYPING FORMAT

U.S. DEPARTMENT OF COMMERCE

*Program Policy Division
A/S AD OAS-*

OFFICE OF ADMINISTRATIVE SERVICES AND PROCUREMENT
AUTOMATED PROCUREMENT DATA SYSTEM

BACKGROUND - Public Law 91-129 enacted November 26, 1969, established a Commission on Government Procurement (COGP) to investigate and study procurement procedures, regulations, and statutes affecting Government procurement. The resultant report of the COGP, dated December 1972, contained Recommendation D-1, "Improve the system for collection and dissemination of statistics on procurement by commodity and agency to meet congressional, executive branch, and industry needs." The Recommendation was adopted in May 1974 and requirements of the recommendation included in the Office of Federal Procurement Policy (OFPP) Act (P.L. 93-400) enacted August 31, 1974. Section 6(d)(5) of the Act specifically includes establishment of such a system as a function of the Administrator for Federal Procurement Policy. In October 1974, twelve executive agencies were selected to provide representatives to form a Federal Procurement Data System Committee to develop an FPDS. The initial committee has been expanded to include representatives of all executive agencies and is under the sponsorship of the Office of Management and Budget.

ISSUE - To design and develop a Standard Departmental Procurement Data System to include a central data bank to receive and store procurement data from all Departmental procuring activities and supply such data to a National Data Bank pursuant to P.L. 93-400 requirements.

ANALYSIS OF ISSUE - The Federal Procurement Data System Committee meets weekly to receive agency views and comments for resolving mutual problems in refinements to the design and data structure of the FPDS. Refinements to the FPDS will eliminate agency reporting requirements of the SF-37, Report of Procurement by Civilian Executive Agencies and MBE 91, Program Data Form (Minority Business Procurement). The FPDS provides for two record formats (one for procurements over 10K and one for under 10K). The data for transactions over 10K will be collected solely by ADP means. Summary of Procurement Actions of \$10,000 or less, FPDS, (being revised) is the only mechanism for reporting small purchase actions to a National Data Agency. This means that, unless otherwise provided for by each agency, data for procurement actions under 10K must be collected manually by agencies not choosing to automate. The proposed DOC Procurement Data System employed at NBS provides a mechanical and manual means to collect procurement data for both transactions (over and under 10K), and provides for interface of procurement transactions with accounting requirements. Therefore, the system designed is more comprehensive than required to facilitate only the basic FPDS required by the Public Law. On October 29, 1976, the NBS replied favorably to Assistant Secretary Kasputys' memorandum of October 13, 1976, proposing that NBS write specifications and programs for a Departmental data system and maintenance of the resultant Central Data Bank.

SCHEDULE - A copy of the project milestone plan and schedule is attached.

AUTOMATED PROCUREMENT DATA SYSTEM

OAS&P
June 18, 1976

Objective: To provide an automated means to systematically collect and disseminate data on contract and small purchase actions to accommodate Department needs and proposed Federal Procurement Data System pursuant to Public Law 93-400.	Change in Status											
Milestones	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
AREA A:	1976											
(1) Redesign standard data conversion tables for collecting data on small purchase actions under \$10,000 and submit to NBS for program design (Includes System under Area B).			•									
(2) Coordinate and discuss with NBS officials to modify system as required.					•							
(3) Accomplish procedural and program revisions and prepare to initiate 90-day trial run.						•						
(4) Conclude 90-day trial run.									•			
(5) Prepare final procedures, obtain necessary approvals and clearances, publish and distribute final procedures.									•			
(6) Implementation (NBS only) October 1976.										•		
(7) Area A system to be consolidated into total Automated Procurement Data System which includes areas A and B. Implementation of total system established as milestone (8) under Area B.												

OMBE PROGRAM CONTRACTS

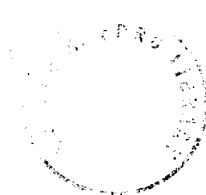
BACKGROUND: Executive Order 11625, dated October 13, 1971, in part, gave the Secretary of Commerce the authority to "provide financial assistance to public and private organizations so that they may render technical and management assistance to minority business enterprises..." The Office of Administrative Services and Procurement (OAS&P) has awarded contracts to local and national business development organizations for this purpose. OAS&P exercises contracting authority for OMBE in accordance with appropriate provisions of 41 U.S.C.

ISSUE: OAS&P has experienced extreme difficulty in the acceptance of and compliance with the requirements of contracts, Federal Procurement Regulations, Departmental Regulations and general business practice by the contractor organizations and the sponsoring agency. The following are illustrative of problem areas:

- o Many sole source contractors are marginally responsible and therefore provide low quality service and cause excessive administrative effort.
- o Scope of work does not adequately state government needs and is so broad as to make performance largely non-measurable.
- o Attempts to provide for competitive selection of a contractor meets with adverse reaction from Congressmen and potential contract sources.
- o Requirements for contract renewal are sometimes submitted too late for continuity of performance and contributes to extraordinary administrative effort.
- o Many technical evaluations lack required substance.
- o Many challenges to the General Accounting Office (GAO) and Congressmen to non-selection are made.
- o Extremely high number of significant findings in suitability investigations are received.
- o Contract terms and conditions are many times not observed by contractors causing unnecessary audit issues, claims, resolution, etc.

- o Contract monitors exercise low degree of contract enforcement and in many instances exceed their delegated authority.

ANALYSIS OF ISSUE: Despite the continued existence of the issues better controls and alternatives have not been fully explored. Some corrective actions have been instituted to improve cost control and audit issue problems, however the full effect has not been seen. We continue to advocate relaxation of some standards for the program; imposition of higher standards in contractor selection and contract monitoring; and use of other than the non-profit organization. Other alternatives exist and should be studied and implemented.



THE OFFICE OF ADMINISTRATIVE SERVICES & PROCUREMENT (OAS&P)
PRODUCTIVITY MANAGEMENT PROGRAM

BACKGROUND AND DESCRIPTION

This office has had a Productivity Management Program for over ten years. Here's how it works:

DESIGN AND USES: OAS&P is divided into fifteen cost centers. Each center has its own supervisor, its own budget, and from one to six outputs of goods or services.

For each cost center an input/output formula has been developed by equating the staff-hour input with the corresponding one to six outputs for each of the fifty-two weeks of an arbitrary base year. This base year is the cost center's "par". The formula is used:

- 0 To forecast manpower needs for budget and other planning purposes
- 0 To maintain a running productivity index of planned versus actual performance
- 0 To develop cost per earned hour (based on appropriate expense statements)

BENEFITS: The Productivity Management Program offers a method of achieving optimum workforce/workload matching with the following advantages:

- 0 It is objective -- no performance judgements are made, no leveling factors are applied.
- 0 It is impersonal -- no contact is required between the analyst and the producer.
- 0 It is fast -- historical data received from a cost center on a given day can often be processed into a formula by the following day.
- 0 It is scientific -- there is no guesswork in assigning weights to the various outputs or in determining the indirect-labor factor.
- 0 It is cheap -- the cost of the computer runs needed to establish a formula for a cost center is normally less than ten dollars. The cost of the computer runs needed to produce weekly management reports for fifteen cost centers (including daily productivity computations, if desired) is roughly twenty-five dollars a week.

IMPACT: The program is appreciated by managers because it gives them a

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factual basis for justifying personnel needs....It is popular with non-management people because it has engendered realistic group-incentive awards. Scarcely a cost center has remained untouched by organization and operation improvements pointed out by Productivity Management. For example, before the Productivity Management Program was introduced, the Messenger and Mail Cost Center required 23 people to process 8,000,000 pieces of mail; today 17 people process 16,000,000 pieces.

ANALYSIS OF ISSUE

Personnel of the Office of Administrative Services have lectured repeatedly on this program at the Civil Service Commission (per OMB request). Additionally, the program has received the approval of GAO and an article has been prepared at the request of JFMIP. (Appendix A) More than 40 inquiries concerning OAS&P's Productivity Brochure, Handbook and slide presentation have been received from governments and private industry and several hundred copies of our written materials have been distributed for defense and civilian agencies' seminars.

Despite the above-mentioned evidence of interest in its Productivity Management Program, OAS&P has met with only modest success in extending the program to administrative-service-type operations in Commerce bureaus. NBS and NOAA have ongoing installations, slowed only by extensive organization changes. Other bureaus have largely remained adamant while offering no substitute of any kind.

SCHEDULE

The MBO Milestones Report calls for extension of the entire program to all administrative-services-type operations by October 1977. This can be accomplished only by firm continuing support. Prime obstacles to be overcome are (1) the private-industry-type resistance to "home-office" regulation and (2) the managerial reluctance to run a "tight ship" against a backdrop potential across-the-board cuts.

The attached article was published by the Joint Financial Management Improvement Program in its Annual Report to the President and the Congress entitled, "Government Productivity", Volume II, July 1976.

CHAPTER 16

A TECHNIQUE FOR MATCHING HUMAN

RESOURCES TO WORKLOAD NEEDS

BACKGROUND

The Office of Administrative Services and Procurement (OAS&P) in the Office of the Secretary provides more than a score of support services to the many programs of the Department of Commerce. These support services are dispensed through a number of cost centers staffed by from three persons to as many as sixty. Every cost center has its own budget and produces from one to six recognized service outputs. Few cost-center operations are machine paced.

Problems were encountered in (1) selecting the final outputs of these cost centers, and (2) weighting each output in proportion to the staff hours required for its execution, causing OAS&P to abandon long ago any industrial-engineering or self-timing methods of productivity measurement in favor of a statistical technique known as multiple-regression analysis. The technique has been defined as "a statistical process for determining the joint effect of any number of factors on another factor." In the situation at hand, the influencing factors are the service outputs; the influenced factor is staff hours of input.

SELECTING COST-CENTER OUTPUTS

When a cost center has been formed and/or targeted for inclusion in the Productivity-Management Program, the cost-center supervisor, the second-level manager, and other interested persons are brought together for consultation. A tentative list of outputs is drawn up and the process of assembling a history of output volumes (if they are not already available) is begun. The staff-input hours for the cost center as a whole are assembled for the corresponding days, weeks, fortnights, or months. (OAS&P uses input/output volumes of a weekly frequency, extending over a fiscal year, where practical.)

After the historical input/output volumes have been assembled, they are keypunched and input to a computer, together with seven program cards. The computer generates two runs: The first run weeds out redundant outputs through correlation analysis. The second (separate) run generates a mathematical model for the cost center from the remaining outputs and the input.¹

In order to illustrate the output-selection process as well as the generation and application of the mathematical model, a cost center called "X" is used. Table 1 shows the Cost-Center X outputs and input, together with numbers of the computer columns in which they are stored.

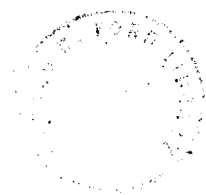
TABLE 1

PARAMETERS OF COST CENTER X

<u>Cost Center X Input or Output Identification</u>	<u>Computer Storage Column #</u>
Pieces of correspondence Routed (Output X ₁)	14
Pieces of cash mail handled (Output X ₂)	15
Imprest fund transactions completed (Output X ₃)	16
Travel inquiries answered (Output X ₄)	17
Tickets requisitioned by teletype (Output X ₅)	18
Staff hours worked (Input Y)	3

The first computer run is shown in Table 2. It displays the simple correlations between the five tentatively selected outputs and the staff hour input.

¹For more information on the technical aspects of the mathematical model contact Mr. Dallas Dobelbower (377-3450)



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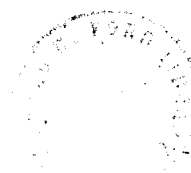


TABLE 2

INPUT/OUTPUT DATA

(Correlation analysis for 6 variables with
52 observations--simple correlation coefficients)

<u>Computer Storage Column #</u>		
3	Staff hours worked	1.000 ^a
14	Pieces of correspondence routed	.5124
15	Pieces of cash mail handled	.5008
16	Imprest fund transactions completed	.4214
17	Travel inquiries answered	.3120
18	Tickets requisitioned by teletype	.4505

^a1.000 is total correlation (Staff hours correlated with itself).

As shown in Table 2, when data stored in computer column 14 (correspondence routed) are related to the data stored in column 3 (staff-hour input) a significant correlation (.5124) is revealed. The lowest correlation (.3120) is between column 17 (travel inquiries) and column 3 (staff-hour input). Statisticians generally agree that the ideal output should satisfy two criteria: First, it should show substantial correlation with input. Second, it should show little correlation with other outputs.

Table 3 provides the test for correlation between outputs. It is obtained from the same computer run as Table 2.

RELATIONS BETWEEN OUTPUTS

(Partial correlation coefficients between outputs
with 3 remaining variables fixed)

<u>COLUMN</u>	<u>14</u>	<u>15</u>	<u>16</u>	<u>17</u>	<u>18</u>
14 Corre- spondence	1.0000				
15 Cash	.1804	1.0000			
16 Imprest	.2985	- .0025	1.0000		
17 Travel	.1483	.1424	-.0016	1.0000	
18 Tickets	.1023	.0136	.1556	.6127	1.0000

Table 3 reveals a substantial correlation (.6127) between column 17 (travel inquiries) and column 18 (travel tickets). Some authorities have said that a .6000 or greater correlation between pairs of independent variables suggests an overlap that could result in a needlessly lengthy model. Because the supervisor of Cost Center X wished to maintain work counts on both outputs, they were combined in the computer during the generation of the model rather than to eliminate one or the other.

GENERATING THE COST CENTER MODEL

This second run of the data deck used in the correlation analysis, plus a handful of model-building program cards produces the model for Cost Center X as shown in Table 4.

TABLE 4

<u>Output Nos.</u>	<u>MODEL OF COST CENTER X</u>	<u>Weights</u>
	39.9271 (constant hours)	
1		.0076
2		.1245
3		.1958
4		.0249

Table 4 indicates the following:

In each week of the base fiscal year there were 39.9271 average staff hours that were not related to any of the identified outputs. On the other hand, for every piece of correspondence routed there was a staff-hour expenditure of .0076 hours. For every piece of cash mail handled there was a staff-hour expenditure of .1245 hours. For every imprest fund transaction completed a staff-hour expenditure of .1958 hours was required. And for every travel transaction completed a staff-hour expenditure of .0249 hours was required.

In equation form the model appearing in Table 4 would be written:

$$Y=39.9271+0.0076(X_1)+0.1245(X_2)+0.1958(X_3)+.0249(X_4)$$

If "X" values are inserted, the equation can be used to compute "Y," the staff-hour needs for the handling of that particular set of output values.

APPLYING THE COST-CENTER MODEL

Table 5 shows the workload which Cost Center X is expected to handle during the budget year.

TABLE 5

FORECAST OF COST CENTER X WORKLOAD

<u>Cost Center X Outputs</u>	<u>Forecast of Customer Needs</u>
(X ₁) Pieces of mail to be routed	468,000
(X ₂) Pieces of cash mail	20,745
(X ₃) Imprest fund items	10,400
(X ₄) Travel and ticket transactions	26,000

Multiplying these forecasts by the weights set forth in the foregoing equation gives the estimated staff-hour requirement of Cost Center X in the budget year:

$$\begin{aligned} \text{Staff hours} &= (39.9271) (52) + (0.0076) (468,000) + (0.1245) \\ &\quad (20,745) + (0.1958) (10,400) + (0.0249) (26,000) = \\ &= 10899.4817 \text{ staff hours.} \end{aligned}$$

The above estimate assumes that the Cost-Center X staff will perform at 100 percent of this performance in the base year. Evaluation of past productivity records, together with an assessment of the effect of planned equipment, materials, and plant-facility improvements may suggest to management that a capability index of, say, 115 would be a reasonable expectation. If this goal were incorporated in the management plan, a new staff-hour requirement would be computed as follows:

$(10,899/115) \times 100 = 9,477$ staff hours,
the adjusted work force estimate.

In addition to its use in computing staff-hour needs, the model serves as a medium for arriving at "earned hours" and maintaining a running productivity index--weekly, quarterly, annually. An earned hour is the credit given an organization for producing a total of outputs determined by the model to equal 60 minutes (100 percent performance). When earned hours are divided by worked hours and then multiplied by 100, the result is known as the "productivity index." If, in the foregoing problem, Cost-Center X personnel had completed the outputs calculated to take 10,899 staff hours in 5,450 hours, the center's index would be $(10899/5450) \times 100$, or 200.

The foregoing computations which consider only the human-resources input, result in what is known as a "partial-productivity index." Quarterly, the total expenses of Cost Center X are brought into the picture with the computation of the Cost Per Earned Hour (CPEH). The CPEH is computed by dividing the total earned hours into the total expenses.

BENEFITING FROM THE PROGRAM

All managers know (or can readily ascertain) what their staff-hour input is....Most managers have identified their final outputs and many keep records of output volumes.... But few managers have related input to output in the fashion and frequency needed to continuously match resources to requirements.

The Commerce Productivity Management Program offers a method of achieving this work force/workload matching with the following advantages:

- It is objective--no performance judgments are made; no leveling factors are used.

- It is impersonal--no contact is required between the analyst and the producer.
- It is fast--historical data received from a cost center on a given day can often be processed into a model by the following day.
- It is scientific--no guesswork is involved in assigning weights to the various outputs or in determining the indirect-labor constant.
- It is cheap--the cost of the computer runs needed to establish a model for any size cost center is normally less than \$10. The cost of the computer runs needed to produce weekly management reports for 15 cost centers (including daily computation of productivity, if desired) is approximately \$25 per week.

Managers appreciate the Productivity-Management Program because it has given them a factual basis for justifying personnel needs. It is popular with non-management people for several reasons: It has engendered three group-incentive awards based on (1) productivity improvement, (2) productivity sustainment, and (3) favorable earned-hour cost. Also, it has enabled individuals to learn more jobs and explore more promotion paths through its stimulation of productivity improvement via inter-cost-center borrowing and lending.

OAS&P QUALITY STANDARDS

BACKGROUND

OAS&P provides a wide range of administrative services and staff assistance to the operating units of the Department; therefore, the efficiency of the operation is highly visible. The objective of this effort is to improve the quality of services offered: strengthening logistical support of the Department's substantive programs. OAS&P initiated the MBO project in May 1976.

ISSUE

Quality control systems for administrative services have not been established in this or other Federal departments and agencies. This is an attempt to establish quality standards and to determine their value to OAS&P as a management tool and to recipients of the services as a qualitative measure.

ANALYSIS OF ISSUE

The project involves 89 services and is being handled by two staff analysts. First, a preliminary identification of the service output was made. The analyst worked with the OAS&P operations staff to verify the definition of each service and to develop the methods for measurement. Whenever possible data is collected from existing records in order to reduce the burden of generating data for the purposes of the project. Once converted into machine-readable form, analysis of the data is aided by computer manipulation to develop the standards. At this point, the proposed standards become a management tool by which corrective action can be initiated to effect the final accepted standards.

SCHEDULE

The project is now in the data collection phase for the bulk of the services. Expected completion date of this phase and the analysis phase is March 1977. The expected completion date of final standards is June 1977. Proposed standards have been developed for the Procurement Division, the mail service branch of the Communications and Transportation Division, and the Library Division. This includes 62.5% of the personnel involved in OAS&P customer service outputs. Twenty-five draft probability statements have been prepared.

NEED FOR MORE EFFECTIVE CONTROLS OVER
COMPUTERIZED PAYROLL-PROCESSING OPERATIONS

BACKGROUND:

On November 10, 1975 the United States General Accounting Office issued a report to the Secretary of Commerce relative to the "Need for More Effective Controls Over Computerized Payroll-Processing Operations." The Department has generally agreed with GAO's findings and to the implementation of their recommendations.

ISSUE:

GAO recommends:

1. More effective editing of input data,
2. Improved Control over source documents,
3. Separation of duties among payroll, personnel and receipt and distribution offices
4. Participation of Office of Audits in design of payroll-processing systems.

ANALYSIS OF ISSUES:

The Department of Commerce, through the Office of the Assistant Secretary for Administration, has generally agreed with GAO's findings and recommendation. Present system will be modified to place more stringent controls over data input and file maintenance procedures while separating duties of the various offices involved.

SCHEDULE:

Determinations as to required revisions have been made. Required programming will begin during fourth quarter of 1976.

STUDY OF DEPARTMENT UTILIZATION OF ECONOMIC
INTELLIGENCE TO IMPROVE INTELLIGENCE SUPPORT,
AND CREATION OF A SECURE ENVIRONMENT FOR THE
GENERAL HANDLING OF INTELLIGENCE INFORMATION.

This Issue Paper is classified for security
reasons. It is available separately.

IMPACT OF FEDERAL REORGANIZATIONS
ON THE DEPARTMENT

BACKGROUND

Over the past several years, many Members of Congress and the Executive Branch have expressed displeasure over the manner in which Federal programs related to energy, oceans or the environment are organized. This displeasure has focused on such factors as a growing duplication of effort and overlap of responsibility, a fragmentation which compromises coordination and unified direction, the lack of an effective way to resolve conflict, the lack of an effective forward planning and implementation mechanism, and the inappropriate forcing of decisions to the Presidential level.

ISSUE

In the Congress, there has been some discussion of consolidating all Federal programs relating to oceans into a single Department (e.g., a Department of Environment and Oceans as proposed in S.3889 introduced late in the last session). On the Executive Branch side, a joint Office of Management and Budget/Energy Resources Council study (not yet completed) has discussed the possibility of establishing a Department of Energy or a Department of Energy and Natural Resources. If implemented as proposed, the establishment of any of these new departments would have an impact on the Department of Commerce.

ANALYSIS OF ISSUE

The proposed Department of the Environment and Oceans would consolidate the Environmental Protection Agency, the Coast Guard and some programs in the Department of the Interior with Commerce's National Oceanic and Atmospheric Administration. Such a move would reduce the Department's budget by approximately 25% and its personnel complement by approximately 40% (using FY 1976 budget data). Operationally, however, it would have little impact on Commerce except to demand an extra effort to coordinate two of NOAA's programs, coastal zone management and deep water ports, with related programs in the Economic Development Administration and the Maritime Administration.

The proposed Department of Energy and National Resources would consolidate NOAA with the Federal Energy Administration, the

Energy Research and Development Administration and the Department of the Interior. While NOAA does provide some direct assistance for energy programs in FEA and ERDA, the rationale for this proposal is based primarily on the relationship between the natural resource functions presently assigned to NOAA and Interior. Again, there would be little operational impact on the Department except for the closer coordination effort discussed above.

One version of the proposed Department of Energy (DOE) might combine FEA and ERDA with the coastal energy impact program currently assigned to NOAA's Office of Coastal Zone Management. (Basically, the CEIP provides financial assistance to states and local governments impacted by coastal and outer continental shelf energy development activities.) The primary impact of such a move would be to force an extra effort to coordinate the CEIP with the remaining portions of NOAA's coastal zone management program and with the public works program in EDA. However, it does not appear likely at this time that a DOE would include any Commerce programs.

A possibly favorable impact of proposals to separate all or some of NOAA's programs from Commerce might be that such transfers may allow Departmental program managers and policy makers to focus more of their time and attention to those programs which bear a more direct relationship to the economic growth and development orientation of the Department.

Although not specifically proposed, a Department of Energy and Natural Resources or a Department of Energy might also include the industrial energy conservation programs currently assigned to the Office of Energy Programs in the Domestic and International Business Administration. Such a move would have a minimal impact on the Department, but may have a significant, adverse impact on the conservation program by separating the program from the Federal department which normally is charged with leading joint industry/government promotion efforts of this type.

One additional potential change worth noting is the possible creation of a new Federal agency to consolidate all mapping and charting functions. Again, the aeronautical and marine mapping and charting done by NOAA would be transferred from the Department if this were done.

ROLE AND ORGANIZATION OF THE DOMESTIC AND INTERNATIONAL BUSINESS ADMINISTRATION

BACKGROUND

Program and managerial initiatives on the part of the Congress, the President, the Office of Management and Budget, the Department of Commerce and the Domestic and International Business Administration itself have resulted in some major changes in the DIBA organization over the past five years. These changes include a decentralization in 1971, a centralization in 1972, additions and deletions of major offices, bureaus and functions, and, most recently, an exchange of functions and units between DIBA and the Office of the Assistant Secretary for Policy.

ISSUE

With the continuation of major organizational changes in DIBA, it is appropriate to review its existing operations and organizational structure in order to provide a framework conducive to stable and effective program management. The numerous changes in DIBA during the past five years have adversely affected its present organization and mission within both the Department and the Federal Government. A clear definition and understanding of DIBA's mission is a prerequisite to any further undertaking to reorganize DIBA.

ANALYSIS OF ISSUE

A study team consisting of representatives from the Domestic and International Business Administration, the Office of the Assistant Secretary for Policy and the Office of the Assistant Secretary for Administration is currently conducting a study of DIBA's role and organizational structure. The purpose of the study is to provide answers for five questions:

1. What is the domestic and international business support mission of the Department of Commerce?
2. What is the DIBA role in contributing to this mission requirement?
3. What programs are appropriate in carrying out the DIBA role?
4. What is the appropriate DIBA organizational structure for planning, directing, controlling and coordinating these programs?

INFORMATION POLICY ISSUES

Background -

The growing popular concept of "openness in government," the increasing number of relevant statutes (listed below), and the Department's desire to maintain a preeminent information management role---all these, in relation to the lack of a prescribed national information policy---comprise the background for a multiplicity of issues.

Issues -

The complexity of issues include:

- a. The need to reduce the burden of public reporting vs. the data-mission demands of the Department, particularly the Bureaus of Census and Economic Analysis.
- b. The collection (and dissemination) of data by means of public-use reports which the public respondents do not consider to be a burden---notwithstanding generic opposition to public-use reports overall; e.g., marine weather forecasts derived from data reported by American ships.
- c. The Department's (sometimes critical) needs for advice from the public sector vs. OMB's increasingly stringent implementation of the Federal Advisory Committee Act.
- d. The growing demand for resources which are needed to assure DOC compliance with the:
 - Freedom of Information Act
 - Privacy Act
 - Federal Advisory Committee Act
 - Public Reports Act, and
 - Government in the Sunshine Act (effec. 3/77)
- e. The requirements of the Privacy Act vis-a-vis the selection process and designation of public members of DOC's advisory committees.
- f. Near term, is an unknown but likely impact from:
 - further "openness in government" legislation, and
 - reports with recommendation, in 1977, by the Privacy Protection Study Commission, the Commission on Federal Paperwork, and other like bodies.

2.

Analysis of Issues -

Analysis of a few of the issues indicates, for example, that:

a. With respect to a., above, an exemption from OMB's burden reduction directive is critically needed if the Census Bureau is to accomplish the legislated 1977-78 censuses of Economics, Government, and Agriculture.

b. With respect to b., above, OMB's narrow interpretation and implementation of the Federal Reports Act of 1942 pertains; and resolution of the issue will entail amendatory legislation.

c. With respect to c., analysis must be effected on a case by case basis with special emphasis on the chartered purpose (or proposed charter) of the committee at hand.

Schedule -

In response to the totality and interrelationship of the issues involved, the Department in May 1976 established an Information Policy Issues Committee. See attachment. This group has met twice, has identified a score of both DOC and national issues, and has set a course of action on several. Specifically:

-- before the end of CY 1976, a formal waiver request is scheduled to go forward to the Director, OMB, to resolve issue a., above;

-- In the first quarter of CY 1977, draft amendatory legislation is to be prepared by the Census Bureau for clearance through Departmental administrative and legal channels to the new administration in an effort to resolve issue b., above; and,

-- Also in the first quarter of CY 1977, joint action is to be taken by OOMS' Information Management Division and the Assistant General Counsel/Administration to recommend a revision of the process which will resolve issue e., above, in a manner fully responsive to the requirements of the Privacy Act.

ESTABLISHMENT OF
COMMERCE INFORMATION POLICY ISSUES COMMITTEE

Establishment -

There is hereby established the intradepartmental Commerce Information Policy Issues Committee (CIPIC).

Purpose -

CIPIC shall consider major information policy issues which emerge within or impact the Department, which come to its attention or are referred to it by Commerce Secretarial Officers or operating unit heads. It will function solely within the Department and deal only with matters which are internal to the Department. In evaluating and seeking potential solutions, CIPIC may refer such problems to a staff office, task force, or operating unit for either in-depth study or model testing, and it may recommend that the resolution of selected problems be identified and targeted as Secretarial objectives.

Although CIPIC's activities will be solely internal, it may find it desirable in some instances to consult outside the Department, or in its disposition of an issue include referral outside (for example, to the Domestic Council's Committee on the Right of Privacy, or to OMB with a request for legislative remedy).

CIPIC shall maintain cognizance of all DOC-Domestic Council's CRP activities, and it shall be kept apprised of all relevant studies being conducted anywhere in the Department.

Procedures -

Policy issues being proposed for CIPIC consideration, status reports on relevant studies, and all other communications to CIPIC shall be addressed to its Executive Secretary.

Membership -

The CIPIC members are:

- Assistant Secretary for Administration, Chairman
- Director, Bureau of the Census
- Assistant General Counsel for Administration
- Director, Institute for Computer Sciences and Technology, NBS.

The Chief, Information Management Division, OOMS, shall serve as CIPIC's Executive Secretary and serve as the Department's point of contact with the Domestic Council's CRP.

Meetings -

The CIPIC shall meet three or four times a year, and at the call of the Chairman.

5-12-76



IMPACT OF THE CONSOLIDATION OF FEDERAL STATISTICAL FUNCTIONS ON THE DEPARTMENT OF COMMERCE

Background

The concept of a consolidated data-gathering and statistical analysis organization for the Federal Government has been actively discussed and recommended for several years. It probably came closest to being implemented when it was included in the President's reorganization proposals of 1971 and 1972. The proposal at that time would have created a "Social, Economic, and Technical Information Administration" in the new Department of Economic Affairs. The Administration would have included the Social and Economic Statistics Administration (Bureau of the Census and Bureau of Economic Analysis) and the National Technical Information Service from the Department of Commerce, and the Bureau of Labor Statistics from the Department of Labor.

The Social and Economic Statistics Administration, in the Department of Commerce, was itself a preliminary consolidation, adopted at the urging of the Office of Management and Budget, in preparation for the planned larger consolidation. SESA included the Bureau of the Census, the Bureau of Economic Analysis, and certain data collection and statistical functions from the Bureau of Domestic Commerce and the Bureau of International Commerce.

Issue

The issue is the impact which a consolidation of Federal statistical agencies would have on the organization and operation of the Department.

Analysis of Issue

The first question to be considered is "How probable is such a consolidation?" While obviously there can be no guaranteed answer, the increasing importance of statistical information, the increasing emphasis both in the Executive Branch and in the Congress on separating data collection and analysis from policy decisionmaking, and the increasing desire to reduce the Federal paperwork and reporting burden on private industry and the public, all indicate a strong likelihood of action in the near future.

The second question is the composition of such a consolidated statistical agency. The Presidential proposal of 1971-72 would have included only organizations and functions from the Departments of Commerce and Labor. But it seems likely that any consolidation at this time would include additional organizations -- such as the Statistical Reporting Service from the Department of Agriculture and the National Center for Health Statistics. The Ash Council report in fact called for the consolidation of SRS, but it was dropped from the plan when the Department of Agriculture was retained. And the 1971 letter from OMB asking for preliminary consolidation of statistical functions was addressed not only to Commerce and Labor, but also to Agriculture and HEW, indicating that some consolidation of functions from those Departments was contemplated.

The NTIS was included in the 1971-72 proposal, but that decision is open to question. While NTIS does deal with publications which include statistics, it is basically a publishing and distribution service, serving many customers in addition to statistics users, and would seem out of place in a purely statistical organization.

A third question is the organizational location of a consolidated statistical unit. The 1971 proposal would have included it in a major Department -- the Department of Economic Affairs. But since that time there have also been recommendations that such a unit be an independent agency. Tending to support this view is the very strong position which has been taken by OMB and by the Congress on the principle that data collection and analysis should be as completely separated as possible from policy decisions based on, or reflected in, such data. On the other hand, there is general opposition to the establishment of new independent agencies, so that consideration of the effect of consolidation should include both location in a Department and a separate agency.

If the consolidated statistical agency is established in an existing Department, it will almost certainly be the Department of Commerce. Its impact, therefore, will consist of expanding the operations and responsibilities of the Department. And that impact should not be severe. The Department already has an official who is responsible for major statistical activities who reports directly to the Secretary (the Chief Economist, formerly the Assistant Secretary for Economic Affairs), and he would presumably head the new agency. The recent dissolution of SESA would basically be reversed -- and more so, with the added organizations. A strong supporting staff element for

the Chief Economist would have to be established. Ultimately there would need to be internal reorganization, possibly resulting in a return to two elements (a Bureau of the Census and a BEA), one for data collection and basic analysis and one for detailed analysis and projection.

If the consolidated agency is established outside of Commerce, as an independent agency, there will obviously be more of an impact on the Department. It can be assumed that both Census and BEA would transfer to the new agency. Although the new agency would be designed to cooperate with the rest of the Executive Branch in the area of statistics, it is almost inevitable that the shift would produce new problems for the rest of Commerce. Examples are the data collection and analysis which Census does for other elements of Commerce, the use of BEA analyses and forecasts, and the close relationship between Census and DIBA in the field on distribution of Census materials and preparation of special studies. Operating relationships would become more difficult under a separate agency, priorities would not always mesh, and there would be no overall coordination and control short of the White House.

Schedule

Commerce's part in this issue is essentially a reactive one -- particularly with respect to an independent statistical agency. The timing of Commerce actions would depend on the timing of proposals for the consolidation. However, there are certain actions which the Department can take:

1. Proceed with the analysis of an expended role for Census, as discussed in the analysis paper on that subject.
2. Develop a justification for establishing the new consolidated agency within Commerce, as opposed to an independent agency.
3. Work with OMB and the other affected agencies to improve the system for handling reimbursable work, in order to provide a stronger basis for maintaining a separate Bureau of the Census within Commerce.

STATUS OF THE NATIONAL TECHNICAL INFORMATION
SERVICE

BACKGROUND

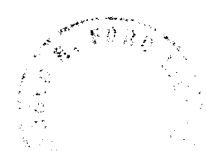
The National Technical Information Service is a Departmental operating unit under the general guidance and policy direction of the Assistant Secretary for Science and Technology. The 1950 legislation authorizing the conduct of NTIS' activities provides that NTIS is "to search for, collect, classify, coordinate, integrate, record and catalog (scientific, technical and engineering information) from whatever sources (and) make such information available to industry and business, to State and local governments, to other agencies of the Federal Government, and to the general public." The legislation also provides that "to the fullest extent feasible, each of the services and functions provided (by NTIS) shall be self-sustaining or self-liquidating."

ISSUE

From its beginning as a small office in NBS distributing German scientific and technical papers captured during World War II, NTIS has grown to the point where it now has total sales of technical papers, ADP programs, data files, bibliographies, subscription materials, indices and special services approaching \$15 million, almost all of which is operated on a self-sustained basis. In addition, NTIS also has a separate program for the promotion and licensing of Federally owned patents. NTIS maintains that the constraints placed upon it as a result of its status as a regular government agency (personnel ceiling controls, Civil Service-Commission policies, procurement and space controls, etc.) preclude it from continuing to grow and provide adequate service to its customers. Additionally, NTIS maintains that the process of selling and distributing "intellectual property" through a Federal agency is incompatible with the free enterprise economic system.

ANALYSIS OF ISSUE

A study team composed of representatives of the Office of the General Counsel and the Office of the Assistant Secretary for Administration is currently reviewing the operations and organizational status of NTIS to determine the extent and nature of any changes that may be warranted. The team has determined that four factors -- NTIS' basic objective, its efforts



to promote the sale of its products and services, the willingness on the part of NTIS' source clients and customers to pay for its products and services, and the legislative mandate that it be as self-sustaining as possible -- lead to the conclusion that some change in NTIS' operations and/or status is necessary. Options for change focus on the possibility of contracting out all or a portion of NTIS operations and on the possibility of establishing NTIS under any one of several quasi-governmental corporate models. An operational analysis of these options has been completed and an analysis of the legal aspects of the several options is currently being reviewed.

SCHEDULE

Upon completion of the legal review, expected within the next month, recommendations will be formulated and a final report will be submitted.



JOINT STATE/COMMERCE EVALUATION OF THE COMMERCIAL FUNCTION

I. Background:

The present system for delivering commercial programs and services to businessmen has developed under the joint responsibility of the Departments of Commerce and State. This system consists of four main arms: (a) forty-three District Offices and 20 satellite offices of the Department of Commerce located in all major regions of the United States; (b) the Domestic and International Business Administration in Commerce; (c) the Bureau of Economic and Business Affairs and various other bureau offices in State; and (d) over 900 economic and commercial officers of the Foreign Service who are located in more than 200 US embassies and consulates in over 140 countries.

Numerous evaluations have been undertaken by various Government agencies, and by private organizations under Government contract, of individual programs or parts of the delivery system. To this time, however, no evaluation of the performance of the whole delivery system and the appropriateness of programs has occurred.

This current report was designed to accomplish such a review. To do so, a joint evaluation team of three Commerce and three State officers was formed, with an adviser from the Office of Field Operations of Commerce. The team reviewed previous reports of Government and private evaluations. It visited 12 District Offices of Commerce and 17 Foreign Service posts. Members of the team talked with more than 300 businessmen individually and in working groups in US cities and abroad. Members of the team also held numerous meetings with officials of Commerce and State responsible for one or another aspect of trade promotional programs and services.

II. Issue:

There are primarily two issues involved:

1. the need for a more refined statement of export promotion policy; and
2. the need for better coordination in Commerce and throughout the entire delivery system.

1. At this time there is no generally agreed, well articulated, or widely understood U.S. policy on the need for or the tasks of official export promotion. Without such a statement: (a) the effectiveness or appropriateness of trade promotion programs and services cannot be fully evaluated; (b) the adequacy or correctness of resource allocations for these purposes cannot be fully determined; (c) the choice between targeting promotional efforts on long term prospects or on immediate sales remains unclear; (d) the question of which segments of US exporters should receive most assistance cannot be answered unequivocally; and (e) the desirability of continuing existing programs or of instituting new ones cannot fully be judged.
2. The delivery system works moderately well in carrying out individual programs, but there are basic weaknesses. These stem from the lack of clearcut policy guidance on program objectives and priorities; faulty communications within and among parts of the system; compartmentalization of program responsibilities; frequent changes of management and staff and a tendency of parts of the system to view the programs as ends in themselves rather than as trade promotional tools. As a result of these weaknesses program managers at the bureau and office level have not had a sound basis for: making judgements about the specific trade promotional value of given programs, making or executing decisions about resource allocations from one program to another; coordinating the mix of trade promotional activities to achieve optimum use of resources; distributing information about trade prospects or foreign business conditions; evaluating the effectiveness of program execution; or, as might be gleaned from the foregoing, in moving quickly to concentrate resources in response to new trade situations.

III. Analysis of Issue:

The report will be completed by December 20, 1976. It would be premature to divulge recommendations at this time.

IV. Schedule:

In State, the report will be submitted to the Inspector General who will present it to the Secretary of State. Simultaneously, in Commerce, the report will be submitted

to the Assistant Secretary for Administration who will present it to the Secretary of Commerce.

The number and breath of recommendations are vast. Consequently, in order for the report to be effective, it needs a proper mechanism in each department for ensuring that recommendations are implemented, or, in those cases where they are not considered feasible, proper justification is given for not implementing them.

OFFICE OF THE SPECIAL ASSISTANT FOR CIVIL RIGHTS

CONGRESSIONAL OVERSIGHT

The major Civil Rights laws administered by the Department apply to a large number of Federal agencies. Federal enforcement activities are coordinated by a number of "lead agencies" such as the Civil Service Commission and the Department of Justice. The "lead agencies" deal with appropriate Congressional oversight committees in terms of the total Federal enforcement activities for the legislation under their purview. Accordingly, the Office of the Special Assistant for Civil Rights does not deal directly with Congressional oversight committees.

Office of ADP Management

Congressional Oversight

o House Committee on Government Operations

This committee actively reviews administration of Public Law 89-306 through its own independent studies and through GAO reports on ADP surveys and audits.



OFFICE OF BUDGET AND PROGRAM ANALYSIS

CONGRESSIONAL OVERSIGHT

The Office deals directly with the House and Senate Appropriations Subcommittees on State, Justice, and Commerce, the Judiciary, and Related Agencies. The House Chairman is John M. Slack of West Virginia; the retiring Senate Chairman has been John O. Pastore of Rhode Island. The possible new Senate Chairman will be Ernest F. Hollings of South Carolina. In addition, there is contact with the staff of the House and Senate Budget Committees. The outgoing Chairman of the House Committee is Brock Adams of Washington. The Senate Committee Chairman is Senator Edward S. Muskie of Maine.

OFFICE OF EMERGENCY READINESS

Congressional Oversight Committee

The Office of Emergency Readiness prepares the Annual Report to the Joint Committee on Defense Production.



OFFICE OF ORGANIZATION AND MANAGEMENT SYSTEMS

Senate Subcommittee to the Government Operations
Committees on Reports Accounting and Management

House Subcommittee to the Committee on Government
Operations on Government Information and
Individual Rights

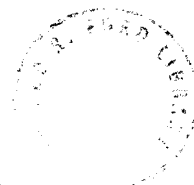


OFFICE OF PERSONNEL

Congressional Oversight

Post Office and Civil Service Committees

Government Operations Committees



OFFICE OF THE SPECIAL ASSISTANT FOR CIVIL RIGHTS

OTHER MAJOR OUTSIDE CONTACTS, INCLUDING ADVISORY COMMITTEES

The Office has extensive contact with the following agencies which act as "lead agencies" in coordinating Federal enforcement activities implementing Civil Rights legislation.

- o U. S. Department of Labor (Office of Federal Contract Compliance Programs)
- o U. S. Department of Justice (Civil Rights Division)
- o U. S. Civil Service Commission, (Office of Federal Equal Opportunity, Federal Employees Appeals Authority, Appeals Review Board)



OFFICE OF ADMINISTRATIVE SERVICES & PROCUREMENT

Government and Non-Government Organizations Dealt With on A Recurring Basis

A. Government Agencies

General Services Administration
U.S. Postal Service
Occupational Safety and Health Administration, Department of Labor
Bureau of Disbursements and Savings Bonds Division, Department
of Treasury
Library of Congress
Office of Archeology and Historic Preservation, Department of Interior
Federal Energy Administration
Committee for the Handicapped and the Blind

B. Non-Government Agencies

Government Services Incorporated (GSI)
Federal Administrative Services Officers Group (FASOG)
Numerous vendors and contractors



Office of ADP Management

Organization Interactions

- o OMB Information Systems Division
- o GSA Automated Data and Telecommunications Services
- o NBS Institute for Computer Sciences and Technology
- o General Accounting Office
- o Federal Information Processing Standards Coordinating
and Advisory Committee (FIPSCAC)
- o Federal ADP Users Group (FADPUG)
- o Interagency Committee on Automatic Data Processing

OFFICE OF AUDITS

MAJOR OUTSIDE CONTACTS

American Institute of Certified Public Accountants
Director, Federal Government Division

Defense Contract Audit Agency, Director

Federal Audit Executive Council, President

General Accounting Office (various contacts regarding
GAO audit reports)

HEW Audit Agency, Director

House Committee on Government Operations
Staff Member (contact regarding GAO audit reports)

Interagency Advisory Group to Develop Cost Principles
for Non-Profit Organizations, Chairman

National Intergovernmental Audit Forum
Executive Secretary

Office of Audit and Investigation, Department of
Interior, Director

Office of Management and Budget

- (a) Interagency Committees for Federal Management
Circulars 74-4, 73-8 and 73-6, Chief, Financial
Management Branch
- (b) Office of the Director (Point of contact for
clearance of GAO audit reports)

Regional Intergovernment Audit Forums (10)
Executive Secretaries

OFFICE OF BUDGET AND PROGRAM ANALYSIS

OTHER MAJOR OUTSIDE CONTACTS

Program decisions of the Office of Management and Budget as well as budget offices in other Departments and agencies.

OFFICE OF EMERGENCY READINESS

Major Outside Contacts

Federal Preparedness Agency (GSA)
Defense Civil Preparedness Agency (DoD)
Federal Disaster Assistance Administration (HUD)
National Security Agency (DoD)
Department of State Operations Center



OFFICE OF FINANCIAL MANAGEMENT SERVICES
MAJOR OUTSIDE CONTACTS

- TREASURY DEPARTMENT
- GENERAL ACCOUNTING OFFICE
- OFFICE OF MANAGEMENT and BUDGET
- GENERAL SERVICES ADMINISTRATION
- CIVIL SERVICE COMMISSION



Office of Investigations and Security

Government Organizations Dealt With on Recurring Basis

- o Interdepartmental Committee on Internal Security
- o Association of Directors of Investigation



OFFICE OF ORGANIZATION AND MANAGEMENT SYSTEMS

Office of Management and Budget

Administrator for Federal Procurement Policy
Deputy Associate Director for Organization and
Special Studies
Committee Management Secretariate
Reports Clearance Officer

General Accounting Office

Program Analysis Division

General Services Administration

Committee Management Reports Coordinator
Interagency Reports Clearance Officer

OFFICE OF PERSONNEL

Other Outside Organizations

U. S. Civil Service Commission
Interagency Advisory Group (Personnel
Directors of Federal Agencies)

Office of Management and Budget

Department of Labor

Federal Labor Relations Council

General Accounting Office



OTHER MAJOR OUTSIDE CONTACTS
OFFICE OF PROGRAM EVALUATION

The Office does not deal on a continuing basis with any major outside contacts, although the newly issued OMB Circular A-113, "Preparation and Submission of Management Plans", may require increased contact with OMB.

Office of Publications

Major Outside Contacts and Committees

Coordinate all Departmental contacts on printing and publishing matters with the Joint Congressional Committee on Printing, Government Printing Office, GPO Regional Printing Offices, Regional Printing Procurement Offices, General Services Administration. Direct and indirect contact with over 350 commercial printing, graphic, and service organizations, other Federal agency publishing offices, and Office of Management and Budget.

