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EFFICIENCY EVALUATION STUDY DESCRIPTIONS

1. Bureau of the Census: Study Alternatives for Compilation of Registration and Voting Statistics.

An analysis of alternative methods for conducting the Survey of Voters and Registration under the 1975 Amendments to the Voting Rights Act. The study will focus on potential savings through use of documents rather than direct survey methods.

Initiation: November, 1976.

2. DIBA: Revision of Boycott Reporting Methods.

A survey of current procedures for required reporting by firms of all requests to participate in boycotts against countries friendly to the U.S. Existing forms and regulations will be completely overhauled to make reporting more manageable and less burdensome.

Initiation: August, 1976.

3. EDA: Streamlining of Application/Approval Process Under Title II, Business Loans.

A review of application requirements and review procedures under the Title II program of loans and guarantees to increase job opportunities in redevelopment areas.

Initiation: October, 1976.

4. MARAD: Study of the Review and Coding of Ship Review Invoices and Summaries.

Review of procedures and level of detail currently required for approval of subsidized ship repairs. Study will focus on simplified procedures for the ship industry as well as for Federal staff.

Initiation: September, 1976.

5. NOAA: Study of the Fish Inspection and Grading Program.

A study of the number and manner in which fish inspectors are deployed and scheduled in order to determine if there are more efficient ways of operating within program constraints.

Initiation: March, 1977

6. NOAA: Study of the Chart Sales Program.

A study of alternative distribution methods for aeronautical and navigational charts offered to the public for sale; efforts will be made to devise a system requiring fewer persons and/or lower cost to customers and the Government.

Initiation: September, 1976.

7. OMBE: Efficiency Study of One-Stop Centers.

A comparative analysis of the performance of one-stop centers for the assistance of minority-owned businesses with their predecessors, categorical assistance centers. The study will review such factors as: administrative overhead, organizational staffing patterns, client service characteristics, and the like.

8. Patent and Trademark Office: Evaluation of Systems to Replace Patent Reproduction System.

A review of the current system of patent file retrieval and reproduction, now operating at the rate of 80,000 pages per day, with emphasis on finding an alternative system which can be operated in less space, with less manpower, and with higher quality reproduction.

Initiation: December, 1976.

9. USTS: Efficiency Evaluation of Literature and Brochures Distribution Program.

Review of the effectiveness of USTS travel promotion literature and of the efficiency of its storage, distribution, and other use.

Initiation: November, 1976.

10. OS/Office of Organization and Management Systems/Office of Publications: Personnel Utilization Study.

The Office of Organization and Management Systems will review current staffing levels, workload, and the match of staff type of function in order to determine ways of improving staff utilization in the Office of Publications.

Initiation: Underway.

Presidential Management Initiatives

DEPARTMENT OF COMMERCE ACTION PLAN

INITIATIVE: 3

TITLE: Reduction in the Burden of Federal Reporting and Regulation

RESPONSIBLE OFFICIAL: Robert T. Jordan TELEPHONE: 377-4217

I. Reporting Burden Reduction

Steps to reduce Federal paperwork burden on the public by at least 5% by the end of FY 1977 and an additional 15-20% by the end of FY 1978.

A. Accomplishments to Date:

As of June 30, 1976, the Department completed a very successful public-use reports reduction program in response to the President's mandate of March 1, 1976, and OMB's special reports reduction guidelines of March 2.

Specifically, Commerce reduced the number of its public-use reports from 614 to 533, a 13.1 percent cut. Concurrently, it effected a 0.5 percent reduction in the number of public manhours associated with the reports. The annual public burden connected with the 533 reports remaining as of June 30, 1976, totaled 4,425,202 manhours--the base figure for commencement of this Initiative #3 effort.

A Department of Commerce goal to reduce the Federal paperwork burden on the public has been established for the Presidential Management Initiatives effort as follows:

5 percent by September 30, 1977
15 percent by September 30, 1978

B. Action Steps

Reviews of the public reporting burden will be conducted by Departmental operating units per instructions

to be provided by the Office of Organization and Management Systems (OOMS). Informational outputs from these reviews will be monitored with the intent of cancelling or attriting the public burden reports, reducing the number of respondents, reducing the frequency, and/or reducing the scope of the report.

The results of the initiative actions will be reported to OOMS against the following milestones each quarter. By the end of FY 77, the plan is expected to yield at least the 5 percent manhours reduction goal for the year with, an additional 15% savings by the end of FY 78.

<u>Milestones</u>	<u>To Yield</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
1. Review all reports and categorize by -- authority -- utility to Department -- utility to public.	--	December 31, 1976	<u>ON SCHEDULE</u> Implementing instructions issued Department wide on Sept. 9
2. Initiate action seeking appropriate legislative or Executive change in mandated reports having low utility.	--	March 31, 1977	<u>ON SCHEDULE</u>
3. Plan reduction in low utility reports of Commerce origin.	--	June 30, 1977	
4. Effect reductions in Milestone #3 reports equivalent to at least 5% of total reports burden.	5%	End FY 1977	
5. Follow up on changes proposed under Milestone #2	--	December 31, 1977	

<u>Milestones</u>	<u>To</u> <u>Yield</u>	<u>Estimated</u> <u>Completion Date</u>	<u>Remarks</u>
6. Effect reductions, as approved by OMB, in reports mandated by Executive Office directives.	5%	March 31, 1978	
7. Finalize plans to reduce reports mandated by statute; and	--	June 30, 1978	
8. Implement reduction of statutory reports.	10%	End FY 1978	

Presidential Management Initiatives

DEPARTMENT OF COMMERCE ACTION PLAN

II. Regulation Burden Reduction

Develop specific schedules for regular periodic review of regulations.

- A. Accomplishments to Date: Not applicable.
- B. Action Steps: This tentative schedule for review of DOC regulations is intended "to assure that administrative procedures and reporting meet only basic continuing needs for program management."

<u>Milestones</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
1. Inventory and categorize all program-governing regulations as follows:		
a. All rules and regulations governing programs and benefits set forth in the Catalog of Federal Domestic Assistance;	Dec. 31, 1976	<u>ON SCHEDULE</u> : Implementing instructions issued Dept-wide on 9/9.
b. All rules and regulations pertaining to licenses, permits and the like;	Dec. 31, 1976	<u>ON SCHEDULE</u>
c. All regulations set forth in the Code of Federal Regulations (and not categorized in a. or b., above)	March 31, 1977	<u>ON SCHEDULE</u>
d. All DOC internal orders and directives which affect or impact the public (and not categorized in a. or b., above.)	March 31, 1977	<u>ON SCHEDULE</u>
e. All standby rules and regulations (e.g., any in the Code of Emergency Federal Regulations).	March 31, 1977	<u>ON SCHEDULE</u>

Milestones	<u>Estimated Completion Date</u>	<u>Remarks</u>
2. In accordance with guidelines to be issued by the Department, commence review of each of the above categories and report results at the end of five successive quarters, commencing:	June 31, 1977	

Presidential Management Initiatives

DEPARTMENT OF COMMERCE ACTION PLAN

INITIATIVE: 4

TITLE : Contracting Out and Holding Down Overhead Costs

RESPONSIBLE OFFICIALS:

TELEPHONE:

Contracting Out
Cash Management
Identification of Overhead Costs -- Meir S. Gabbay (377-4407)

Travel -- David S. Nathan (377-4547)

ADP Practices -- Jack R. Wicklein (377-3201)

Reproduction Equipment -- David Farber (377-3721)

Audiovisual Activities
Telephone Equipment and Usage
Mailing Practices -- Donald B. Moore (377-4501)
Office and Other Space
Record Storage

Personnel Management -- John M. Golden (377-4807)

Presidential Management Initiatives
DEPARTMENT OF COMMERCE ACTION PLAN

INITIATIVE: 4

TITLE: Contracting Out and Holding Down Overhead Costs

1. Contracting Out

Prepare and submit to OMB an initial plan (including schedules) for increasing reliance on the private sector. The plan should include the identification of at least five functions to be contracted out, as follows:

1. Description of Function/Activity:
2. Location:
3. Estimated transfer date:
4. Number of Federal employees currently assigned:
5. Function/activity size (annual operating costs or units of production):

(Note: This information is to be developed in carrying out the program described below.)

Review and revise implementing instructions and procedures for contracting out (OMB Circular A-76) to ensure that all in-house commercial and industrial activities are reviewed and eliminated if not justified.

A. Accomplishments to Date

1. A temporary committee was convened to consider functions performed in the Department which could be investigated for contracting out.
2. Based upon the recommendations of the committee, Assistant Secretary Kasputys selected the following five functions as the Departmental objectives for intensive review towards potential contracting:
 - a. Automatic data processing
 - b. Printing and reproduction
 - c. Maintenance of equipment (other than ADP)

- d. Warehousing and inventorying
 - e. Selected program services, to include
 - (1) Aviation weather observation
 - (2) Maintenance of geodetic marks
 - (3) Other program activities, as determined by review of the programs
3. Work has already been started on:
- a. Revision of Departmental Administrative Order 201-41, which implements OMB Circular No. A-76
 - b. Reviewing the following functions for potential contracting:
 - (1) Maintenance of equipment (other than ADP)
 - (a) Electronic technician program at NOAA
 - (2) Selected program services
 - (a) Aviation weather observations - NOAA

B. Action Steps:

<u>Milestones</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
(1) Selection by Assistant Secretary for Administration of five functions based upon recommendations of temporary committee.	August 11, 1976	<u>COMPLETED</u>
(2) Formation of DOC Committee on Commercial and Industrial Activities and applicable subcommittees	August 31, 1976	<u>COMPLETED</u>
(3) Development of instructions for taking inventory of commercial and industrial activities and for evaluating activities for contracting out	Sept. 10, 1976	<u>COMPLETED</u>

<u>Milestones</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
(4) Transmittal of instructions to primary operating units developed under milestone (3) with request for inventory of activities	Sept. 15, 1976	<u>COMPLETED</u>
(5) Submission of inventory of activities under the five selected functions by primary operating units to DOC	Sept. 30, 1976	<u>COMPLETED</u>
(6) Approval of inventory by Assistant Secretary for Administration	Oct. 15, 1976	<u>ON SCHEDULE</u>
(7) Evaluation by primary operating units of inventory taken under milestone (5) in accordance with the policy of OMB Circular No. A-76.		
a. Completion of the evaluations of 25% of the activities.	Dec. 15, 1976	
b. Completion of the evaluations of all activities.	Jan. 31, 1977	Due dates revised per OMB comment of 9/16/76.
(8) Review by the subcommittees of the evaluations prepared by primary operating units	Feb. 28, 1977	
(9) Review of subcommittees' recommendations by the DOC Committee and submission of report to Assistant Secretary for Administration	Apr. 30, 1977	

Presidential Management Initiatives

DEPARTMENT OF COMMERCE ACTION PLAN

INITIATIVE: .4

TITLE: Contracting Out and Holding Down Overhead Costs

II. Overhead Costs (Identification of Overhead Costs)

Establish systems for routinely determining and analyzing overhead costs.

A. Accomplishments to Date

1. A temporary committee was formed to review existing policy with respect to identifying and analyzing overhead.
2. The committee developed a statement setting forth the procedures available within the Department for identifying overhead. This statement is set forth in the attachment. The committee felt that no changes were needed, because current procedures were adequate for identifying overhead.

B. Action Steps:

Action Completed.

U. S. DEPARTMENT OF COMMERCE

Presidential Management Initiatives Program

IDENTIFICATION AND ANALYSIS OF OVERHEAD

Overhead is systematically identified in the budget and accounting records, because separate programs and projects are established for direct costs and the indirect or overhead costs incurred to support them. Inasmuch as each project is established for a unique purpose, no difficulty is encountered in assigning costs incurred for an objective to its appropriate project. Further analysis of overhead is available, because the costs charged to each project are also identified by object class and by cost category under the object class.

In working capital and revolving funds, managers are appointed who are responsible for controlling indirect costs and measuring them against plans. Indirect costs incurred under appropriations are the responsibility of program managers. They are required to keep indirect costs within due bounds in relation to direct costs.

Through a cooperative effort between program managers and the financial management segments of the Department, overhead activities and costs are reviewed periodically to ascertain their reasonableness and necessity. Where common bases exist, analyses are made which include ratios applicable to similar activities either in the Department of Commerce or other Federal agencies. In appropriate circumstances, averages obtained from industrial or commercial sources are also used to measure overhead activities and costs.

Presidential Management Initiatives

DEPARTMENT OF COMMERCE ACTION PLAN

INITIATIVE: 4

TITLE: Contracting Out and Holding Down Overhead Costs

II. Overhead Costs (Travel)

Identify areas for improvements as a result of the review of FY 1976 reports of travel savings and accomplishments; and indicate steps to be taken for improvement.

A. Accomplishments to Date:

1. Pursuant to Public Law 94-157 and OMB Bulletin No. 76-9, the Department carried out a program to hold down travel cost during fiscal year 1976. The Department established a goal of reducing 1976 travel costs by \$1.9 million. Actual travel costs for 1976 fell short of our goal by \$0.4 million but were \$1.5 million below the President's budget..

The Department's 1976 program followed Secretary Dent's successful travel reduction program during 1975. Under this program, the Department achieved a greater than 10% reduction in planned travel, resulting in actual 1975 costs being held below the 1974 level.

2. Transmitted guidance and tentative ceilings for 1977 travel to bureau budget officers for review and analysis.

B. Action Steps:

<u>Milestones</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
1. Bureaus respond to tentative 1977 ceiling with programmatic impact statements identifying problem areas for possible further savings.	Aug. 20, 1976	<u>COMPLETED</u>

<u>Milestones</u>	<u>Estimated Completion Date</u>	<u>Remark</u>
2. OBPA reviews impact statements and recommends to the Assistant Secretary for Administration specific reduction goals for each bureau.	Aug. 25, 1976	<u>COMPLETED</u>
3. Program managers notified of approved travel ceiling for 1977.	Aug. 27, 1976	<u>COMPLETED</u>
4. Bureau submit plan by month for achieving ceiling.	Sept. 1, 1976	<u>IN PROGRESS</u>
5. Formal plan transmitted to GSA.	Sept. 3, 1976	<u>COMPLETED</u>
6. Bureau submit reports of actual travel costs and explanation of variances from plan.	Within 30 days of the close of the quarter.	
7. Conduct quarterly reviews to determine progress towards goal.	Within 30 days of the close of the quarter.	
8. Submit to GSA report of 1977 travel costs and savings.	Nov. 15, 1977	

Presidential Management Initiatives

DEPARTMENT OF COMMERCE PROGRESS REPORT

INITIATIVE: 4

TITLE: Contracting Out and Holding Down Overhead Costs

II. Overhead Costs (ADP Practices-Revised Action Plan)

- o (Agencies with substantial ADP investments) Organize a program to achieve the six objectives listed in Summary Sheet (Issue 4, Item B.3.a) and to increase reliance on private sector for ADP services.
- o Prepare and submit to OMB a plan to accomplish each of the six objectives in terms of long and short range steps.

A. Accomplishments to Date

- o To reduce the unit cost of its data processing activities, the Department has relied heavily on the Federal sharing and reutilization programs; made extensive use of third party and compatible equipment suppliers; availed itself of the GSA-operated ADP Fund where the opportunity existed; replaced older equipment and techniques with newer, more efficient methods; consolidated requirements and procurements to the extent possible; and employed computer performance evaluation techniques in some of the larger facilities. These efforts have resulted in the cost-free acquisition of an interactive data base retrieval system from another agency; the reutilization of a Univac 1108 central processing unit, thereby avoiding a costly procurement; financing the purchase of two computer facilities predominately through the ADP Fund; replacing several Univac high-speed printers with faster and less expensive off-line printers; and combining a number of separate contracts with commercial sources into a bureau-wide time-sharing competitive contract (other examples are contained in succeeding paragraphs.)
- o Several operating units have begun an intensive review of ongoing applications to eliminate or

combine processing runs and to reduce the number of marginal or nonessential reports.

- o To reduce equipment rental costs, the Department has competitively procured equipment from third-party suppliers and plug-to-plug compatible equipment manufacturers. As examples, one of our bureaus was the first installation to use Calcomp, Interscience Systems, Incorporated, and Xerox equipment on a Univac system. One facility with an IBM processor has installed equipment supplied by six different vendors, and another has acquired two million bytes of main memory from a third party supplier. Yet another Univac facility uses CDC, Calcomp, IBM and AMPEX equipment, as well as equipment acquired from third-party vendors and through Government excess.
- o The Department has tried to minimize the expansion of its computer capacity through sharing existing resources as noted above and by contracting from commercial sources in instances where one-time software development is involved or where it is simply more economical to do so. For example, the Department will use both the small business minority program and a GSA requirements contract to obtain the resources needed (50 staff-years of software development effort totaling \$2 million over a two year period) in support of the TIROS-N program. Further, the Department has contracted for facilities management at one of its larger facilities and is about to re compete for these services. The Department has recently issued an administrative order amendment requiring A-76 comparative cost analyses to be submitted as part of requirements studies and calling for periodic reviews of (at least every three years) existing in-house facilities to determine whether the functions should be performed by commercial sources.
- o As part of a recent General Accounting Office review, the Department conducted an inventory of its automated decisionmaking applications (ADMA's), including those which result in the automatic issuance of checks and purchase orders. Based on OMB guidelines, the Department is preparing instructions to its operating

units to update this inventory and review each application to assess the possibility of inaccuracies and to identify improvements. Additionally, the Department is planning on devoting 50 workdays toward the independent review of selected ADMA's during fiscal year 1977. Further, the Department is conducting an audit of one of its payroll systems and plans to review another during fiscal 1977.

- o The Department's personnel are continually assessing their own computer facility security requirements, as well as actively participating in Federal standards activities relating to this subject. Recently, one operating unit installed a security fence around its Suitland, Maryland computer facility. Another bureau has established an access control system for demand terminal security on its Univac 1108 systems. Based on FPMR 101-32.17, the Department has also drafted an administrative order amendment on data security for ADP and telecommunications systems, especially pertaining to interagency, intra-agency, and commercial service arrangements.

B. Action Steps

The Department of Commerce ADP Management Program.

The Department of Commerce will conduct six major ADP installation performance evaluations during fiscal 1977. As a part of the evaluations, the management initiatives for ADP practices will be implemented in the organizations under review. The specific areas the review will cover include: (1) installations' implementation of their proposed computer systems as set forth in Departmental approved budgets and requirements studies, (2) utilization of ADP equipment, (3) procedures and controls to assure that only significant applications are computerized, (4) user charges for ADP services, (5) users' satisfaction with timeliness of services and accuracy of output, (6) installations' comparative cost analyses for in-house versus contracted services required by OMB Circular A-76 and Department Administrative Order 212-1, and (7) installations' procedures and measures for security and protection.

Shown below is a tentative schedule for conducting the performance evaluation program during fiscal 1977. The order in which the six sites will be evaluated is relatively unimportant at this time

and is shown primarily for illustrative purposes. It is anticipated that, after completion of the first evaluation, at least two evaluation teams will be assigned concurrently. An estimated total of 700 man-days of effort will be expended.

<u>Milestones</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
1. Identify and assign performance evaluation team(s).	November 1976	<u>ON SCHEDULE.</u>
2. Develop detailed program for evaluating the six areas identified above.	December 1976	<u>ON SCHEDULE.</u>
3. Conduct field work for first evaluation - NOAA Boulder (Colorado) facility.	February 1977	<u>ON SCHEDULE.</u>
4. Based on initial testing of evaluation program, revise and refine program as necessary.	March 1977	<u>ON SCHEDULE.</u>
5. Issue report on findings and recommendations for the first evaluation.	March 1977	<u>ON SCHEDULE.</u>
6. Conduct field work and issue individual evaluation reports on remaining computer installations, as follows:		
a. NBS central facility - Gaithersburg, Md.	May 1977	<u>ON SCHEDULE.</u>
b. EDA facility - Commerce Bldg.	June 1977	<u>ON SCHEDULE.</u>
c. Census facility - Suitland, Md.	July 1977	<u>ON SCHEDULE.</u>
d. MarAd facility - Commerce Bldg.	August 1977	<u>ON SCHEDULE.</u>
e. NOAA facility - Suitland, Md.	September 1977	<u>ON SCHEDULE.</u>

In addition to the Departmental reviews mentioned above, the individual bureaus of the Department have developed plans for implementation of the management initiatives for ADP practices. The milestones for implementation of these plans are given below.

- o Reduce the unit cost of data processing.

<u>Milestones</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
1. Maximize NBS use of available in-house ADP capacity by reviewing current use of outside sources of supply.	November 1976	Funds requested in 1978 budget submission to OMB.
2. Adapt MarAd Bulk Commodity Simulation Model to meet Federal Energy Administration needs.	December 1976	.
3. Investigate NBS potential use of microform for high volume printer output.	December 1976	<u>ON SCHEDULE.</u>
4. Investigate feasibility of satisfying NBS needs by sharing existing DOC computer facilities.	January 1977	<u>ON SCHEDULE.</u>
5. Develop an automated system that will more effectively and economically respond to DIBA needs for export licensing reporting.	March 1977	Funds requested in 1978 budget submission to OMB.

<u>Milestones</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
6. Initiate measures within MarAd to record the usage of terminals in user offices and terminal rooms to enable more economical and efficient distribution of equipment.	June 1977	Measurement program will be executed in November 1976.
7. Reevaluate all previous lease versus purchase determinations to assess whether existing conditions warrant conversion of leased equipment to purchase.	May 1977	<u>ON SCHEDULE.</u>
8. Acquire front-end processor for Census 1100 series computers.	Late 1977	<u>ON SCHEDULE.</u>
9. Extend MarAd's use of source data automation techniques to (a) ship container data and (b) cargo shipping analysis.	(a) December 1976 (b) September 1977	<u>ON SCHEDULE.</u> <u>ON SCHEDULE.</u>
10. As part of the Department ADP Management Program, perform reviews of the management of selected ADP facilities including the utilization of ADP equipment.	September 1977	<u>ON SCHEDULE.</u>
11. As part of the Department ADP Management Program, assure full cost recovery for work performed on a reimbursable basis.	September 1977	<u>ON SCHEDULE.</u>
12. Consolidate operation of two NOAA hardware systems at the Georgetown site by replacement with a single system.	November 1977	

<u>Milestones</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
13. Acquire high speed memory (wire-plated memory) for Census to replace higher cost rented memory.	1977-1978	Funds requested in 1978 budget submission to OMB.
14. Acquire data storage and retrieval system for Census.	1977-1978	" "
15. Replace seven installed magnetic tape units at EDA with "plug-to-plug" compatible units.	June 1978	<u>ON SCHEDULE.</u>
16. Reduce NTIS computer input processing by converting to optical character recognition techniques.	July 1978	<u>ON SCHEDULE.</u>
o <u>Eliminate nonessential or marginal computer work load.</u>		
1. Perform review to eliminate marginal or nonessential work load at the Office of Telecommunications.	November 1976	<u>ON SCHEDULE.</u>
2. Evaluate all NFPCA computer applications.	December 1976	<u>ON SCHEDULE.</u>
3. Identify and assess each program's information needs at PTO.	March 1977	<u>ON SCHEDULE.</u>
4. Review Census Bureau outputs to determine those not essential and review application programs for efficiency.	September 1977	Foreign Trade and National Crime Survey programs now being reviewed

<u>Milestones</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
5. Prepare results of continuing ADP report review within MarAd.	September 1977	<u>ON SCHEDULE.</u>
6. Review DIBA applications associated with (1) new project requests, (2) increased requirements and (3) systems supporting programs which have undergone reductions.	September 1977	
7. Review all NTIS reports to reduce number of reports and/or number of copies.	September 1977	
8. Review all NTIS systems eliminate or combine processing runs.	October 1977	
9. As part of Department ADP Management Program, perform review of applications at selected operating units and follow-up on internal reviews described above.	October 1977	
o <u>Reduce equipment rental through increased competition.</u>		
1. Prepare plan for implementation of GSA program for the increased use of "third-party" and "plug-to-plug" compatible equipment contracts.	October 1976	Development of GSA's program has been <u>delay</u> Our plan is <u>nc</u> scheduled for November 1976.
2. Identify all leased equipment presently installed which is subject to availability from third-party suppliers and plug-to-plug compatible equipment manufacturers.	November 1976	<u>ON SCHEDULE.</u>

<u>Milestones</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
3. Investigate potential for recompeting such leases and initiate appropriate action.	December 1976	
4. Investigate the use of the ADP Fund to purchase core and drums for EDA's system.	December 1976	
5. As part of the Department ADP Management Program, review the management of selected ADP installations.	September 1977	
o <u>Analyze the need and methods used for expanding Government computer capacity.</u>		
1. Review, at the Department level, requirements studies for the acquisition of equipment, software and services to assure all alternative approaches have been evaluated.	Continuing	
2. Revise and reinstitute Department ADP Planning System.	March 1977	
3. As part of the Department ADP Management Program, review selected ADP installations' comparative cost analyses for in-house versus contracted services.	September 1977	

<u>Milestones</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
o <u>Minimize the automatic computer issuance of inaccurate or unnecessary checks and purchase orders.</u>		
1. Issue instructions to operating units to update inventory of automated decision-making applications.	September 1976	Delayed. Draft instructions are in coordination stage; will be issued in October
2. Complete audit of NBS Payroll System.	November 1976	<u>ON SCHEDULE</u>
3. Review use of recent automation of NBS purchase orders and audit all NBS automated decisionmaking applications.	January 1977	<u>ON SCHEDULE</u>
4. Perform review of controls over computerized payroll processing operations at NOAA.	April 1977	<u>ON SCHEDULE</u>
5. Review design and development of automated administrative systems.	September 1977	<u>ON SCHEDULE</u>
o <u>Strengthen agency ADP management to overcome problems of computer fraud and security.</u>		
1. Issue Department Administrative Order amendment to require compliance with data security measures contained in FPMR 101-32.17.	September 1976	Delayed. Awaiting signature.

<u>Milestones</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
2. Survey requirements for computer security within NBS.	November 1976	<u>ON SCHEDULE</u>
3. Install access control system and revise administrative directives at Census.	December 1976.	<u>ON SCHEDULE</u>
4. Develop Census Bureau security guidelines for data protection during transmittal from remote facilities.	January 1977	<u>ON SCHEDULE</u>
5. Determine feasibility of installing a controlled access system at two NOAA facilities.	March 1977	<u>ON SCHEDULE</u>
6. Review security measures at selected installations as part of the Department ADP Management Program.	September 1977	<u>ON SCHEDULE</u>

Presidential Management Initiatives

DEPARTMENT OF COMMERCE ACTION PLAN

INITIATIVES 4

TITLE: Contracting Out and Holding Down Overhead Costs

II. Overhead Costs (Cash Management)

List actions taken or proposed to improve cash management practices.

A. Accomplishments to Date

1. A temporary committee was formed to review existing policy with respect to the management of cash and to ascertain whether changes in the policy were desirable.
2. The committee developed a statement setting forth Department policy. This statement is set forth in the attachment. The committee recommended no change to existing policy, because it was of the opinion that the policy was fundamentally sound and was in conformity with the Presidential initiative.
3. The temporary committee selected the following area for future improvements:
 - a. Reduction of amount of outstanding travel advances
 - b. Use of electronic transfer of funds to borrowers under EDA loan programs to reduce cash float under present system of check disbursement
 - c. Renewed effort to obtain advances under all user charge programs in lieu of performing services and then obtaining reimbursement

Milestones

Estimated
Completion Date

Remarks

1. Review by primary operating units of the potential for accomplishing the initiatives listed in A.3, above. Report finding to the Assistant Secretary for Administration Oct. 31, 1976 ON SCHEDULE
2. Implementation of the initiatives and final report of accomplishments to the Assistant Secretary for Administration Mar. 31, 1977

U. S. DEPARTMENT OF COMMERCE

Presidential Management Initiatives ProgramCASH MANAGEMENT

The policies of the Department of Commerce with respect to managing cash are:

Cash advances and billings. The use of cash advances is encouraged in connection with reimbursable work or user charges in preference to invoicing the customer after the services have been rendered. When other than a Federal agency is the recipient of the service and it is not possible to obtain an advance, the customer is invoiced monthly for services rendered through the end of the preceding month. Under loan programs, notices are submitted to borrowers sufficiently in advance of due dates to permit the borrowers to make timely remittances.

Cash collections. In central accounting offices cash is required to be deposited no later than the first working day after receipt. In remote locations, cash is deposited as expeditiously as practicable. When invoices have been rendered for services or notices sent to borrowers, reviews are performed in the accounting offices to insure timely collection.

Cash disbursements. All invoices are routinely scheduled for payment in sufficient time to permit the taking of discounts offered by vendors. It is neither economic nor efficient to segregate invoices involving no discounts in order to delay payment until the last possible date. Advances to grantees are governed by the policy set forth in Treasury Circular No. 1075. Small advances are disbursed in full, but large advances are disbursed so that grantees receive the funds as they are needed. Letters of credit are used in appropriate circumstances. Disbursements to borrowers (under loan programs) are made to provide funds to borrowers as the funds are needed.

Implementation. Periodic reviews are made by the internal auditors to ascertain that accounting offices are managing their cash in conformity with Departmental policy.

Presidential Management Initiatives

DEPARTMENT OF COMMERCE ACTION PLAN

INITIATIVE: 4

TITLE: Contracting Out and Holding Down Overhead Costs

II. Overhead Costs (Reproduction Equipment)

- o List actions taken or proposed to require more efficient use of reproduction equipment and maximize centralized field duplication services.

A. Accomplishment to Date

Issued revised Office of Publications Department Organization Order 20-9 to include new responsibilities for administrative control of copiers. Issued interim guidelines relative to copying machines acquisition and utilization in consonance with the General Accounting Offices' March 9, 1976 report on "Opportunities For Reducing Office Copier Costs In Multi-Agency Federal Buildings."

B. Action Steps:

<u>Milestones</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
1. Conduct survey of all copying machines. Start survey-Sept. '76.	Nov. 76	<u>ON SCHEDULE</u>
2. Publish copying machine guidance manual.	Nov. 76	<u>ON SCHEDULE</u>
3. Recommend to A/S administrative procedures to improve utilization of copying machines.	Dec. 76	
4. Issue finalized guidelines.	Jan. 77	

- o Review efforts and report on savings that have been or can be realized.

A. Accomplishments to Date

A comprehensive series of surveys is being conducted of all printing plants within the Department of Commerce. This will involve review of operating procedures and compliance with Joint Committee on Printing, Government Printing Office and Departmental regulations with special emphasis on A76 requirements. Written reports with findings and recommendations will be submitted to program officials and Assistant Secretary for Administration.

Surveys have been completed of 4 printing plants with efforts underway to increase commercial procurement of printing, duplicating and copying services. Finalized plan is targeted for January 1977.

B. Action Steps

Milestones

	<u>Estimated Completion Date</u>	<u>Remarks</u>
1. Additional printing plant surveys:		
a. Maritime Administration, Kings Point, Long Island, New York	Sept. 76	<u>ON SCHEDULE</u>
b. NOAA: Asheville, N.C. Boulder, Colo.	Sept. 76 Oct. 76	<u>ON SCHEDULE</u>

Presidential Management Initiatives

DEPARTMENT OF COMMERCE ACTION PLAN

INITIATIVE: 4 :

TITLE: Contracting Out and Holding Down Overhead Costs

II. Overhead Costs (Audiovisual Activities)

Prepare detailed plan to (1) review existing facilities with the purpose of eliminating or consolidating when possible, (2) establish controls to prevent acquisition of unnecessary equipment and supplies (3) and use Government-owned resources in lieu of acquisitions, where possible.

A. Accomplishments to Date:

A directive has been issued to require all operating units of DOC to inventory all audiovisual facilities and equipment including conference rooms, training facilities, photographic studios, auditoriums and libraries. Reported information will include type of facility, location, principal usage, average per week and a complete list of all serially numbered equipment used in the facility. The completed inventory will provide information for eliminating and consolidating facilities and to aid in centralized facility planning.

B. Action Steps:

<u>Milestones</u>	<u>Estimated Compl. Dates</u>	<u>Remarks</u>
1. Review existing facilities with the purpose of eliminating or consolidating where possible.		
a. Identify all audiovisual activities.	Nov. 5, 1976	<u>ON SCHEDULE</u>
b. Initiate and conduct reviews.	Nov. 30, 1976	
c. Formulate recommendations.	Dec. 15, 1976	
d. Accomplish consolidations and eliminations.	Mar. 1, 1977	

<u>Milestones</u>	<u>Estimated Compl. Dates</u>	<u>Remarks</u>
e. Advise OMB of total number of facilities eliminated, number of jobs affected and of any resultant personnel savings.	Mar. 15, 1977	
2. Establish controls to prevent the acquisition of unnecessary equipment and supplies.		
a. Review existing equipment requisitioning and approval procedures.	Oct. 15, 1976	<u>COMPLETED</u>
b. Modify procedures and issue improved instructions, as necessary, to strengthen controls.	Oct. 25, 1976	
c. Review existing equipment management practices and utilization criteria.	Nov. 30, 1976	
d. Develop and issue new management instructions and utilization criteria, as appropriate.	Jan. 15, 1977	
e. Report excess underutilized equipment to GSA.	Mar. 1, 1977	
f. Advise OMB of amount of excess equipment identified and of any expected savings resulting from step.	Mar. 15, 1977	
3. Use existing Government-owned films and other audiovisual productions in lieu of new acquisitions.		
a. Develop procedure for obtaining information on availability of existing Government-owned productions from GSA's National Audiovisual Center.	Dec. 15, 1976	

<u>Milestones</u>	<u>Estimated Compl. Dates</u>	<u>Remarks</u>
b. Issue directive requiring ordering activities to review and consider existing productions prior to contracting for new productions.	Oct. 25, 1976	
c. Advise OMB of estimated production savings (number of titles and contract cost avoidance) resulting from step.	Mar. 15, 1977	
4. Increase reliance on private sector for audiovisual services.		
a. Conduct reviews, in accordance with OMB Circular A-76, of all audiovisual facilities justified for retention in Step 1, above.	Jan. 15, 1977	
b. Identify facilities that are not justified for in-house retention in accordance with Circular A-76 policy.	Mar. 1, 1977	
c. Develop time-phased plan for phasing out facilities that are not justified.	Mar. 1, 1977	
d. Promulgate internal policies requiring strict review and compliance with Circular A-76 for all new starts and any expansions of existing facilities.	Oct. 25, 1976	
e. Advise OMB of number of inhouse facilities phased out and total jobs affected as result of Step.	Jul. 1, 1977	

Presidential Management Initiatives

DEPARTMENT OF COMMERCE ACTION PLAN

INITIATIVE: 4

TITLE: Contracting Out and Holding Down Overhead Costs

II. Overhead Costs (Telephone Equipment and Usage)

Review existing equipment and usage and report to OMB on steps taken/proposed and savings achieved/expected.

A. Accomplishments to Date:

The Department has established a goal of reducing telephone costs by 10 percent by the end of FY 77. A directive has been issued to all operating units requesting economy efforts in the following areas:

- o All long distance calls must be made over the FTS not on the commercial network.
- o Authorization for telephone credit cards will be highly restricted and their issuance will no longer be approved without a full written justification. Operating units must review billings to identify credit card calls made to private residences in the Washington area.
- o Private lines (PL's) will be eliminated in all but the highest executive offices.
- o Telecopier service must be centralized in each building, and those not part of the central facility will be returned to the vendor.
- o Except for Secretarial Officers no employee will have more than one instrument.
- o Mailgrams will be used in lieu of telegrams.
- o Codaphones will be restricted to one and two man offices in the field.

- o The Main Commerce centrex system involves individual billing for all local calls. Operating units will be furnished a list of those numbers making over 200 calls a month.
- o In organizations where it is not necessary for every employee to have a telephone, operating units are required to identify such work areas and eliminate unnecessary equipment.
- o Underutilized terminals requiring dedicated telephone lines must be eliminated.

B. Action Steps:

<u>Milestones</u>	<u>Estimated Completion Dates</u>	<u>Remarks</u>
1. Operating Units will report on (a) actions taken and (b) actions planned for the following reporting period. Reporting will always include (1) Total number of employees, (2) Total number of telephones, and (3) Total of toll bills for the preceding month.	Aug. 30, 1976	<u>COMPLETED</u>
2. Submit report to OMB on telephone savings	Sept. 3, 1976	<u>COMPLETED</u>
3. Second report	Feb. 1, 1977	<u>ON SCHEDUL</u>
4. Third report	July 30, 1977	<u>ON SCHEDUL</u>
5. Fourth report	Oct. 30, 1977	<u>ON SCHEDUL</u>

In the Main Commerce Building, the new Centrex II system will enable us to eliminate most private lines (PLs). An intensive review of the need for telephone credit cards is underway.

Presidential Management Initiatives

DEPARTMENT OF COMMERCE ACTION PLAN

INITIATIVE: 4

TITLE: Contracting Out and Holding Overhead Costs

II. Overhead Costs (Mailing Practices):

- o Issue instructions on the most economical utilization of available services (based on NARS guidance).
- o Provide adequate training for employees to implement above instructions.
- o Monitor mail practices to ensure that mail is sent by most economical means.
- o Seek assistance of NARS and the Postal Service to effect economies in mail handling, and report to NARS on achieved and expected savings.

A. Accomplishments to Date:

A directive has been issued to all operating units on this initiative. The Department's goal is to reduce mailing costs by 5 percent by the end of FY 77, assuming no postage rate increases. Operating units have been asked to follow the guidelines in NARS publications, "Managing the Mails" and "Prepare With Care." The directive included the following guidelines:

- o Letter-size mail must be used whenever possible. Folding and inserting machines are encouraged for use because of their cost effectiveness in handling press releases and other high-volume issuances. When volume does not warrant the use of folding machines, materials will be hand folded if their contents will fit into a regular-size envelope. Flats are discouraged.
- o Registered mail will be used only when required by statute, executive order or other equivalent governmentwide directive. First-class mail will be given primary consideration in the mailing of important or valuable documents. When first-class mail is deemed inappropriate, certified mail will be used.

The Main Commerce mailroom is enforcing these rules.

- o Multiple letters to the same address should be accumulated and sent out in one or more packages each day. Because the use of Direct Firm Pouch Mailing can move some kinds of mail more quickly than regular mail and at less cost, its use is being strongly encouraged.
- o Efforts will continue to be made to eliminate envelopes and convert as much mail to self mailers as possible. Envelopes bearing postal indicia may never be used for intra-office mail; U.S. Government Messenger Envelopes will always be used because they can be reused many times.
- o Mailing lists must be purged and updated frequently. Addressees on mailing lists must be queried annually to determine their interest in remaining on the mailing list. Those who do not respond affirmatively must be removed from the list.
- o All mass-mailings must be presorted by zip code and the lowest cost postage will be used except for those items which are time critical and require the speed of first-class mail handling.
- o Periodicals and other publications must be sent by the lowest-cost postage. A detailed guideline has been prepared and distributed for use in determining the appropriate postage category for each publication.
- o Operating units must provide training to their employees on mailing practices and maintain liaison with their local Customer Services Representative from the Postal Service to assure they are using the lowest postage and to gain Postal Service cooperation in rapidly moving the government's mail.

- o Additionally, operating units were directed to provide a complete inventory of all periodicals published by them in the following format:

<u>Name of Periodical</u>	<u>Quantity Mailed</u>	<u>Former Postage Category</u>	<u>New Category</u>	<u>Annual Savings</u>
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B. Action Steps:

<u>Milestones</u>	<u>Date</u>	<u>Remarks</u>
1. Operating units report on actions taken and savings achieved	September 15, 1976	<u>COMPLETED</u>
2. Intensively examine on a case-by-case basis the use of first-class mail for Commerce periodicals.	September 15 - December 15, 1976	<u>ON SCHEDULE</u>
3. Submit report to NARS on achieved and expected mail savings	September 21, 1976	<u>COMPLETED</u>
4. Negotiate with GPO on improving mailing practices on Commerce publications.	September 30 - October 30, 1976	<u>ON SCHEDULE</u>
5. Implement new mass mailing practices on publications and periodicals.	January 1, 1977	<u>ON SCHEDULE</u>

Presidential Management Initiatives

DEPARTMENT OF COMMERCE ACTION PLAN

INITIATIVE: 4

TITLE: Contracting Out and Holding Down Overhead Costs

II. Overhead Costs (Office and Other Space)

Review present space utilization and submit plans to GSA to assure per person square footage of space is kept to a minimum.

A. Accomplishments to Date:

In order to achieve the Department's goal of reducing the use of space by adherence to FMPR office space standards, a directive has been issued that requires all departments to submit a space utilization study and tighten controls on all future space allocations. A copy of the directive is attached. The submissions resulting from the directive will provide the basis for space utilization plans to be described in the progress reports listed below.

B. Action Steps:

<u>Milestones</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
1. Completion of Initial Report required by the directive	Aug. 25, 1976	<u>COMPLETED</u>
2. Report on Retrenchment Projects	Oct. 15, 1976	<u>COMPLETED</u>
3. Quarterly Report on Space Usage	Oct. 30, 1976	<u>ON SCHEDULE</u>
4. Quarterly Report on Space Usage	Jan. 30, 1977	<u>ON SCHEDULE</u>
5. Quarterly Report on Space Usage	Apr. 30, 1977	<u>ON SCHEDULE</u>



August 6, 1976

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MEMORANDUM FOR: Administrative Services Council Members

SUBJECT: The President's Management Initiatives: Space Management

The Department's goal for this initiative is to reduce the use of space by adherence to GSA standards as contained in DAO 217-7.

By August 17, each primary operating unit will submit to this office a report containing the following information:

1. total number of square feet of office space
2. total number of square feet of storage space by classification
3. total number of square feet of special purpose space by classification
4. total number of employees
5. the average number of square feet per person (item 1 divided by item 4)

Entitlement may be determined by obtaining the total number of personnel in each grade and by multiplying this number by the square feet of entitlement as shown in the standards. The sum for all grade levels will be the entitlement for the operating unit. This report will be submitted within 30 days of the end of each quarter in addition to the August 17 submission date in order to enable OAS&P to establish goals for reducing space holdings and to monitor their achievement.

Each primary operating unit will conduct a study of its use of space to identify blocks of space which can be excessed to GSA and removed from SLUC billings by retrenching to the amount of space authorized by the standards. Retrenchment projects should be implemented if the cost in partition changes and other renovation expenses to reduce the amount of required space is less than the first year savings in SLUC charges. Operating units must report on their retrenchment projects by October 10.

In the acquisition of additional space the following items must be submitted in addition to the completion of Form SF 81, Request for Space.

1. A completed GSA Form 1476, Space Requirement Worksheet, covering all personnel of the operating unit in the building or the installation in which the expanded requirement exists.



2. A signed statement by the appropriate budget officer that personnel ceiling slots have been approved for the expansion.

3. A statement by the appropriate records manager that there are no records in the applicable building or installation which should have been disposed of or retired.

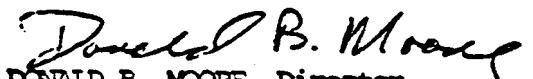
4. A statement by the space management official to the effect that no space classified as office space in the SLUC inventory is used to store furniture, publications, forms or supplies.

Effective immediately partition changes; upgradings of furniture, carpet and drapes will be permitted only under extraordinary circumstances unless they are needed to make more intensive use of space.

The office landscaping or open design format is prescribed for occupying new space, retrenching into a reduced amount of space or whenever a need arises to relocate personnel. Private offices shall be limited to those few officials who have a functional need for them.

In buildings or installations housing a library, an intensive effort should be made to centralize library holdings and to eliminate accumulations of books in office areas.

Assistance in the preparation of reports and studies required by this memorandum may be obtained from Howard Spicer, 377-4017.


DONALD B. MOORE, Director
Office of Administrative Services
and Procurement

Presidential Management Initiatives

DEPARTMENT OF COMMERCE ACTION PLAN

INITIATIVE: 4

TITLE: Contracting Out and Holding Down Overhead Costs

II. Overhead Costs (Records Storage)

Dispose of or retire records to storage in accordance with records control schedule.

A. Accomplishments to Date:

Commerce has NARS-approved Records Control Schedules for every operating unit except DIBA and OMBE. The DIBA schedule has been developed and is undergoing the final stages of a revision made necessary by a recent major reorganization. OMBE is using a General Schedule and is undergoing a records management survey at this time. A directive has been issued to all operating units requiring compliance with the following guidelines.

- o Only those records authorized for retention by an approved Records Schedule or General Schedule may be located in office space. Records Officers must make a 100 percent inspection of all offices under their jurisdiction.
- o Records holding areas must be in space classified as storage or warehouse space under GSA's SLUC billing system.
- o Records Officers are required to bring to the attention of top management such conditions as hoarding of supplies or publications in file cabinets or boxes; the excessive accumulation of books and periodicals; and the establishment of unauthorized mini libraries in areas adequately serviced by a central library. Librarians have been called upon for assistance in this project.

The directive requires a speedup in the reporting of the annual report to NARS on records management and requests supplemental reporting on number of file cabinets released, linear feet of shelving released, and square feet of office space released.

B. Action Steps:

<u>Milestones</u>	<u>Date</u>	<u>Remarks</u>
1. Submission of NARS and Supplemental Report	September 16, 1976	<u>COMPLETED</u>
2. Completion of DIBA Records Schedule	October 30, 1976	<u>ON SCHEDULE</u>
3. Completion of OMBE Records Schedule	December 15, 1976	<u>ON SCHEDULE</u>

A personnel services contract has been let to develop a comprehensive Records Control Schedule for the Office of Minority Business Enterprise, the only DOC bureau without any records schedule.

Presidential Management Initiatives

DEPARTMENT OF COMMERCE ACTION PLAN

INITIATIVE: 5

TITLE: Personnel Management

RESPONSIBLE OFFICIAL: John M. Golden

TELEPHONE: 377-4807

I. Executive Selection and Development

Identify and train personnel having executive promise; and develop incumbent executives.

A. Accomplishments to Date:

In the last four years the executive development effort of the Department of Commerce has accomplished the following:

- o Doubled the resources applied to executive development and training (now exceeds \$1,000 per management position).
- o Acquired Congressional support (annual budget line item of \$197,000 for executive development).
- o Established Manpower Resources Boards in all operating units.
- o Designed and tested an evaluation system for executive development which will be operational October 1, 1976.
- o Identified 789 management positions Departmentwide.
- o Stimulated management training. (Example - 735 incidents of management training within above-identified positions in last two years.)
- o Systematically developed three Management Seminars to meet the needs of 3 levels of management. (New managers, incumbent managers, senior managers.) (600 payments annually in the above categories.)

- o Developed the capacity to provide specialized management skills training (i.e. decisionmaking-executive presentations - speedreading-Congressional liaison).
- o Three new courses are being designed. These courses are personnel management for supervisors, managers, and executives.

B. Action Steps

<u>Milestones</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
1. Identify (or establish) model system	September 30, 1976 <u>COMPLETED</u>	A model system was developed by an executive development committee composed of bureau-level Employee Development Officers. The system is contained in Department Administrative Order 202-412 which is in draft form. (See attachment)
2. Establish comparable but tailored systems in all components.	Feb. 28, 1977 (Revised) <u>ON SCHEDULE</u>	Each major line component will be required to initiate a system in accordance with DAO 202-412 within 60 days of the effective date of the administrative order.
a) Review each bureau system approximately after three months of operation.	May 31, 1977 (Revised) <u>ON SCHEDULE</u>	
3. Implement "high potential" identification system.	Feb. 28, 1977 (Revised)	System is described in DAO 202-412. It requires Executive Manpower Resource Boards to identify individuals who have high potential for filling identified management positions. <u>ON SCHEDULE</u>

- | | | |
|---|----------------------------|---|
| 4. Prepare individual development plans. | Feb. 28, 1977
(Revised) | The requirement for each Executive Manpower Resources Board to oversee the preparation of IDP's for identified high potentials is contained in Administrative Order 202-412. <u>ON SCHEDULE</u> |
| 5. Design and present special training programs in personnel management for high potentials and incumbents. | Mar. 1, 1977
(Revised) | Two courses specially designed for: (1) managers and identified high potentials and (2) executives will be added to management training center offerings for FY 1977.

<u>ON SCHEDULE</u> |

II. Work Force Quality

Evaluate employee programs which affect overall work force quality.

A. Accomplishments to Date:

A new system for personnel management evaluation has been formulated and tested. The new system is based on the following basic tenets:

- o Field and headquarters will be reviewed every 3 years.
- o The target installations for reviews will be those sites with 50 or more employees and Departmental satellite installations within the area of the target installations will be included for review.
- o Each major personnel program element will be rated against established criteria.
- o Evaluation review schedules will be published six months in advance.

The program has been tested in the field and the rating criteria are in the process of being placed in final form. The new system will be installed and in place FY 1977.

B. Action Steps

<u>Milestones</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
1. Evaluate quality of programs for recruitment, career advancement, managerial incentives, and training.	December, 1978	Quantitative goals have been established for each personnel program element. (Attached are short-term, quantified goals for major personnel program elements.) <u>ON SCHEDULE</u>
2. Identify priority steps for improving overall work force quality through changes in these programs.	September 30, 1977	<u>ON SCHEDULE</u>

III. Position and Classification Management

Systematically reexamine internal systems, and take appropriate corrective action to restrain grade escalation and to eliminate duplication of work or under-utilization of personnel.

A. Accomplishments to Date:

The position classification and position management processes were reviewed earlier this year and three new systems were installed to improve position classification and position management and restrain grade escalation. These systems are:

o Average Grade Control Process

- oo Reinforces a stringent review of each vacant position
- oo Requires each operating unit to report on a quarterly basis:
 - total vacancies during quarter;
 - the number reviewed with operating officials;
 - the number of positions changed in grade as a result of the review;
 - the number of positions abolished outright, i.e., resulting in a loss of headcount;
 - the number of positions abolished where the space is used to establish a different position bearing no relationship to the vacancy; and
 - total grades saved during quarter.

o Position Survey Process

- oo Requires each operating unit to review each position within its organization on an annual basis.
- oo Where there is any discrepancy or disagreement in a position as a result of the survey process, the position will be desk audited.
- oo If the total desk audits under the above-mentioned process do not reach 20 percent, additional positions will be desk audited to bring the total to 20 percent. Positions selected in this manner will be those most likely to produce constructive results.
- oo Requires the participation of managers and employees.
- oo Examines the utilization of resources on problem cases.

- oo Misclassifications will be analyzed to determine cause.
- o PME Program
 - oo Wide coverage of headquarters and field positions requiring an indepth review of the two above-mentioned processes.
 - oo Evaluation process for classification and position management requires onsite desk audits and onsite review of vacancy management system.
 - oo Evaluation process not only looks at the effectiveness of classification and position management systems but also focuses on the competence of position classifiers.
 - oo Evaluation system disseminated in advance forcing managers to do homework to prepare for classification and position management reviews.

B. Action Steps

<u>Milestones</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
1. Assessment of agency's organizational capability for classification management.	Continuing, however, initial assessment will be completed by March 31, 1977.	<u>ON SCHEDULE</u>
2. Evaluated operational quality of position management and classification systems.	September 30, 1977 <u>ON SCHEDULE</u>	Three inputs will be used to assess the operational quality of position management and classification systems: <ul style="list-style-type: none">o an assessment of the maintenance review surveys after approximately one year;

- o An assessment of the Department's average grade control system throughout the vacancy review process.
- o An assessment of position classification specialists through the personnel management evaluation process.

- | | | |
|----|--|---|
| 3. | Conduct special reviews of grade escalation in weak or suspect areas. | Continuing, however, initial thrust based on CSC reviews and internal personnel management reviews will be completed by September 30, 1977. |
| 4. | Take prompt corrective action. | As the situation warrants. |
| 5. | Conduct normal internal personnel management evaluations of position management and report to CSC as prescribed. | Continuing |

ON SCHEDULE

(See point II (Work Force -Quality), under Issue 5, Personnel Management.

IV. Productivity Measurement

Improve productivity measurements and extend such measurements to functions not presently covered.

A. Accomplishment to Date:

Over the past several years, the Department of Commerce has developed a work load and performance (productivity) measurement data base which has been used as a basis for internal management and decision-making purposes for some of the key program areas. These measurement systems are capable of measuring the productivity of 7,800 of the Department's 34,200 employees or about 23 percent of the total work force.

Analysis of this data by the Bureau of Labor Statistics indicates that since 1967, measured outputs have risen 8.6 percent while employment has declined 3.7 percent. The resulting productivity gain has been 12.9 percent.

B. Action Steps

While inroads towards measuring and enhancing the Department's productivity have been substantial, there still exist opportunities for even greater achievements. To maximize future accomplishments in the shortest time frame, a comprehensive Department Productivity Action Plan is being developed. This Action Plan is designed to:

- o Expand Departmental productivity measurement and enhancement efforts; and
- o Seek out ways to assist the private sector in improving the productivity of industry.

Milestones for each of these two elements of the Productivity Action Plan are as follows:

<u>Milestones</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
1. Review current measurement activities to (a) expand coverage, or (b) refine existing measurement systems.	January 1977	<u>ON SCHEDULE</u>
2. Set FY 77 improvement goals in functions currently measured; include projected improvements in FY 78 budget request	January 1977	<u>ON SCHEDULE</u>

3. Establish projected improvements in FY 78 budget request February 1977
4. Extend measurements to areas presently not covered; report progress in FY 78 budget submission August 1977
5. Increase use of measures for management evaluation. September 1977
 - a. Systematically review and evaluate Departmental operations to identify opportunity/potential for productivity improvement.
 - b. Establish a productivity-enhancement team to coordinate this productivity effort.
6. Develop means to assist private sector in improving industrial productivity. September 1977

V. Employment Ceilings

Take steps to assure adherence to President's employment ceilings and avoidance of Congressionally-mandated minimum employment levels.

A. Accomplishments to Date:

Decision made to assign to Office of Personnel the responsibility of monitoring ceilings (FTP and OT) as well as employment levels.

B. Action Steps

<u>Milestones</u>	<u>Estimated Completion Date</u>	<u>Remarks</u>
1. Evaluate internal system for administering personnel ceiling and for providing flexibility for intra-agency ceiling reallocation.	October 1976	<u>ON SCHEDULE</u>
2. Assign to Office of Personnel internal ceiling monitoring system.	November 1976	<u>ON SCHEDULE</u>
a) Tie-in to SF 113A reporting system by having operating units add ceiling allocations for: o Total OMB ceiling o FTP OMB ceiling o Other OMB ceiling		
3. Develop early warning so that responsible officials can be advised if and when their employment levels reach dangerous proportions. System should contain:	December 1976	<u>ON SCHEDULE</u>
a) Memorandum advising official of employment level versus ceiling.		

- b) Request for plan of action regarding bureau's program with respect to staying within authorizing ceiling.

United States of America DEPARTMENT OF COMMERCE	DEPARTMENT ADMINISTRATIVE ORDER <u>202-412</u>	
DEPARTMENT ADMINISTRATIVE ORDER SERIES	DATE OF ISSUANCE	EFFECTIVE DATE
SUBJECT EXECUTIVE DEVELOPMENT PROGRAM		
<p> Section 1. Purpose Section 2. Authority Section 3. Policy Section 4. Program Responsibility Section 5. Program Elements Section 6. Training and Developmental Resources Section 7. Program Records, Evaluation and Review Section 8. Implementation Schedule Section 9. Effect on Other Orders </p> <p> <u>SECTION 1. PURPOSE.</u> </p> <p> .01 This order sets forth Departmental policy and provides general instructions for the operation of the Department's executive development program. </p> <p> .02 This revision is issued to conform to the program guidelines formulated jointly by the Office of Management and Budget and the Civil Service Commission. </p> <p> <u>SECTION 2. AUTHORITY.</u> </p> <p> .01 The basic authority for employee development and training is provided by chapter 41 of title 5, U.S. Code, Part 410 of the Civil Service Regulations, and Chapters 410 and 412 of the Federal Personnel Manual. </p> <p> .02 Policy goals for executive development are promulgated in a memorandum, dated September 14, 1971, addressed to the heads of departments and agencies by the Director, Office of Management and Budget. </p> <p> .03 Federal Personnel Manual Letter No. 412-2, January 29, 1974, and Appendix A to FPM Chapter 412 provide the guidelines for executive development in the Federal service. </p> <p> <u>SECTION 3. POLICY.</u> </p> <p> It is the policy of the Department to assure maximum competence on the part of present and future managers through an institutionalized program of executive development. Key officials at all levels will be involved in planning and directing the program and will commit the resources necessary to accomplish the program objectives. Program decisions will be made on the basis of meeting the needs of the Department and furthering the efficiency of the service, without regard to race, color, religion, national origin, sex, age, or political affiliation. </p>		

SECTION 4. PROGRAM RESPONSIBILITY.

- .01 Assistant Secretary for Administration. Program leadership will be provided by the Assistant Secretary for Administration (the Assistant Secretary) who is the principal official with primary responsibility for the direction, coordination and evaluation of the executive development program in the Department of Commerce.
- .02 Departmental Executive Manpower Resources Board. The Executive Manpower Resources Board (EMRB) will provide general guidance on matters of policy and allocation of resources, and will report annually to the Secretary concerning progress toward organization and program objectives, after a review of each operating unit's plans to make certain that they conform to overall policies, reflect Department priorities, support the attainment of Department goals and objectives, and insure that programs are receiving the necessary resources to accomplish program objectives. In addition to the general responsibilities above, members of the EMRB will monitor executive development efforts in the operating units with which they are normally concerned. In order to provide for concurrent consideration of the developmental and assignment needs of the Department, the membership of the EMRB will be the same as that of the Executive Assignment Board established by Department Administrative Order 202-305, and the membership of each board is hereby augmented to include the Administrator, National Fire Prevention and Control Administration, and the General Counsel.
- .03 Executive and Management Training Advisory Panel. An Executive and Management Training Advisory Panel (the Panel) will act for the EMRB in the selection or recommendation of Department-level candidates for significant developmental opportunities such as the National War College, Industrial College of the Armed Forces, Career Education Awards, and similar competitive opportunities. Members of the EMRB will designate representatives to serve on the Panel, and the Director of Personnel will serve as Chairman. The Panel also may consider and advise on other executive development activities as deemed appropriate by its Chairman or by the EMRB.
- .04 Departmental Executive Manpower Management Officer. The Director of Personnel is designated as the Department's Executive Manpower Management Officer (EMMO), with responsibility for serving as Executive Secretary of the EMRB and maintaining its official records, providing guidance and assistance to operating units in all matters relating to executive development, maintaining liaison with the Civil Service Commission, the Office of Management and Budget and the General Accounting Office on executive development matters, and conducting such periodic evaluations of the executive development program as the Assistant Secretary may direct. In performing these functions, the EMMO may utilize other individuals or organizational resources, such as the Employee Development and Awards Division, which coordinates executive development activities and operates the Department's Management Training Center.
- .05 Administration in Operating Units. The head of each operating unit shall provide for the issuance of a policy directive for the executive development program for the operating unit, and furnish copies to the EMMO of the Department. Where collaboration among operating units sharing the same personnel office would be advantageous, the heads of such units may jointly issue a single policy directive. Each directive shall be as consistent as is practicable with the guidelines of the Civil Service Commission and the provisions of this order, emphasizing top

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management support and establishing both an EMRB and an EMMO for the operating unit(s) with responsibilities parallel to those at the Departmental level. Within 60 days of the effective date of this Order, each EMRB shall:

- review and recommend changes or additions in the operating unit policy directives
- assure that the program of the operating unit contains the elements required in Section 5 of this Order
- assure an accurate management position identification process
- determine managerial skill and ability requirements for key positions
- estimate executive and management position turnover and future staffing needs
- identify individuals with high-potential for advancement into management position vacancies
- review Individual Development Plans for identified high potentials
- determine appropriate training programs and allocation of resources for training and developmental activities.

SECTION 5. PROGRAM ELEMENTS.

Each operating unit's executive development program will include the elements specified in paragraphs 5.01 through 5.06. These program elements offer sufficient flexibility for each unit to develop a program within established staffing practice and to meet its unique needs.

.01 Identification of Management Positions.

a. Each operating unit will identify the management positions within the organization. A management position is one in which the incumbent (1) directs the work of an organization, (2) is held accountable for the success of specific line or staff programs, projects, functions, or activities, (3) monitors the progress of the organization toward goals and periodically evaluates and makes appropriate judgments, and (4) performs most of the managerial duties listed by the Civil Service Commission in its guidance on executive development (currently, see Attachment 1 to FPM Letter 412-2).

b. Current information should be kept on each management position and incumbent. Information about each management position should include: title, grade, series, major functions, and the key managerial skills, knowledges and abilities required to function effectively in the position. Positions should also be categorized

according to the type of activity managed--administrative, scientific, technical, legal, program management, etc. Information about each incumbent should include: name, date and type of appointment, recruitment source, date of birth, education level, years of Federal service, and date of latest Individual Development Plan.

.02 Implementation of a High Potential Identification System. Each operating unit will implement a formal system for identifying individuals with high management potential. These individuals should be potential candidates for filling vacancies as they occur in the operating unit's identified management positions. Care must be taken to insure equitable consideration of all qualified candidates consistent with merit system principles. Units may develop, refine and expand the methods of nomination, selection, identification, notification and counseling to meet unique needs and situations. In addition to individual merit, factors affecting the identification process include the size of the managerial population in a particular operating unit, the number of anticipated vacancies, organizational growth patterns, cost, turnover, recruitment difficulty, and other factors. Because organizational needs may change, the system shall provide for periodic reconsideration of those not initially identified as high potential candidates for management positions.

.03 Management Position Analysis. Each operating unit will specify managerial skills, knowledges and abilities required for maximum effectiveness in each identified managerial position in the unit. To facilitate determination of training and developmental experiences needed by particular individuals, environmental knowledges, interpersonal abilities and personal qualities needed should also be determined for each position.

.04 Assessment of Managerial Knowledges and Abilities. Each unit will determine the extent to which new managers or reassigned managers possess the skills, knowledges and abilities identified as requirements for their new positions. This assessment may draw upon the various appraisal systems already existing in the personnel management system of the operating unit. The objective of the assessment of the individual vis-a-vis the position is to determine the training or developmental experiences needed, which will take form in the individual development plans.

.05 The Individual Development Plan. An Individual Development Plan (IDP) must be prepared within three months of appointment, or identification, for (1) all newly selected managers, (2) all reassigned managers, and (3) individuals identified as having high potential for assignment to a managerial position. IDP's should also be prepared for all other managers who are in need of training or developmental experiences to acquire or sharpen the knowledge and abilities required for maximum job effectiveness. The IDP must (1) specify developmental objectives and needs, (2) contain a schedule of appropriate developmental experiences to meet these individual needs, and (3) be approved by the individuals' immediate supervisor and the appropriate EMMO or an official designated by the EMMO to approve all IDP's in the context of overall review of the executive development program. An IDP shall be prepared only after assessment of the individual's training needs and discussion of those needs with the individual. IDP's must be periodically updated to reflect current individual development needs. After approval, a copy of the IDP for each high-potential individual

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shall be forwarded to the Departmental EMMO for review. The appropriate IDP also must be included with all requests for executive personnel actions submitted to the Department.

.06 Career Counseling. Operating units shall designate the officials responsible for assessing the training needs of Commerce managers and potential managers, and for conducting discussions or career counseling sessions with them. These functions may be performed by individual supervisors, by combination of supervisors, by the EMRB, or by other boards or panels formed for this purpose.

SECTION 6. TRAINING AND DEVELOPMENTAL RESOURCES

Each operating unit shall provide appropriate training and development opportunities and resources to meet the needs of the managerial work force on a continuing basis as indicated in this order. This necessarily includes provision of the staff manpower needed to institutionalize executive and management development and make it an integral part of personnel management operations. Aggregate management training needs will be determined annually, and formal training that is appropriate and within resource limitations should be scheduled. The following training resources should be included in the planning of each operating unit.

.01 Unit Training. Training identified as unique to a particular operating unit, including management skills training tailored to specific organizational needs, should be developed and provided by the operating unit. Each operating unit must also provide a reasonable number of appropriate developmental opportunities (i.e., assignments to other positions, special projects, etc.) as indicated by individual development plans.

.02 Department Training Programs. Department programs have been developed to help Commerce managers understand the management process and develop the skills to meet their management responsibilities. General management training needs may be met by attending the following programs, or the equivalent:

- a. Commerce Management Seminar--designed for supervisors and for potential managers.
- b. Commerce Advanced Management Seminar--designed for advancing managers and required for new managers.
- c. Commerce Executive Seminar--designed for senior managers and executives; required for reassigned and advancing managers at the level of GS-14 and above.
- d. Personnel Management for Managers--designed for managers at all levels who need broader knowledge of their responsibilities in the Federal Personnel system.

Developmental assignments between major organizational units within the Department are encouraged, and the EMMO will assist operating units in arranging for appropriate assignments.

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.03 Interagency Training. Operating units are encouraged to use interagency training opportunities to meet training needs that cannot be met internally or through Department programs. It is recommended that the seven-week Residential Program in Executive Education at the Federal Executive Institute be used as the major training facility for those Commerce executives in grades GS-16 through GS-18, or equivalent. Those who are new to the executive grade levels (GS-16 through GS-18) and are filling a career management position are required to attend either the seven-week program or the three-week program during their first twelve months in the supergrade ranks. This requirement may be waived by the Departmental EMNO for good cause--for example, recent completion of the same or similar program, or a firm plan (IDP) to participate in equivalent training.

.04 Intergovernmental Training. Operating units are encouraged to use the authority of the Intergovernmental Personnel Act (5 U.S.C. 3371 et seq.) when an assignment to a state or local government or a public institution of higher education is considered to be an appropriate developmental experience for an individual.

.05 Non-Government Training. When similar training opportunities are not available through federal facilities, operating units are encouraged to utilize universities, private institutions, and other training organizations to meet group and individual formal training needs.

SECTION 7. PROGRAM RECORDS, EVALUATION AND REVIEW.

.01 Maintenance of Records. The analyses and decisions made under this Order by each operating unit will be recorded in sufficient detail to facilitate the annual reporting and evaluation requirements of this section.

.02 Annual Unit Review. Each operating unit will establish review procedures to ensure the continuing appropriateness of its executive development program. At least annually, the EMRB of the operating unit will review the accomplishments under section 6 and paragraph 7.01 of this Order. Such review should also encompass any special studies on executive development which were completed in the past year, any studies planned for the next year, evaluation of any training that was introduced during the past year, identification of areas in which executive development needs special attention with plans or proposals designed to accomplish necessary adjustment, and recommendations for changes in the Executive Development Program, if any.

.03 Reporting Requirements. Each operating unit shall report annually to the Department's EMNO the status of its Executive Development Program for the year including:

- number of management positions
- number of new managers (i.e., those appointed to a management position during the calendar year)
- number of "high potential" individuals identified

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- number of managers and "high potentials" receiving management training
- program costs - all costs of the Executive Development Program, including staff salaries but not participant salaries.

.04 Annual Departmental Review. Through onsite surveys, the Departmental EMMO will periodically evaluate the operating unit executive and management development programs to determine adherence to this order and to assess program strengths and weaknesses. Annually, but no later than March 1, the Departmental EMMO will analyze the information provided by all operating units and prepare an overall evaluation report on the Department's Executive Development Program for the EMRB. Evaluation will cover accomplishments, areas needing continued attention, future needs, and recommendations. This report and the reports of the operating units must be available for periodic review by the Civil Service Commission, the Office of Management and Budget, and the General Accounting Office.

SECTION 8. IMPLEMENTATION SCHEDULE.

.01 Operating Unit Implementation. Within 60 days of the effective date of this Order, all operating units will have institutionalized all program elements included in Section 5 of this Order and should be able to meet the review and reporting requirements of Section 7 of this Order.

.02 Operating Unit Reports. By February 1, 1977, and each February thereafter, each operating unit shall forward an executive development report as required by paragraph 7.03 of this Order.

.03 EMMO Evaluation Report. By March 1, 1977, and each March 1 thereafter, the Departmental EMMO shall prepare an evaluation report on executive development in the Department of Commerce.

SECTION 9. EFFECT ON OTHER ORDERS.

This order supersedes Department Administrative Order 202-412, dated September 22, 1972.

Director of Personnel

Approved:

Assistant Secretary for Administration

Office of Primary Interest:
Office of Personnel

The Office of Personnel is installing a newly revised personnel management evaluation (PME) system to begin operation in FY 1977.

The basic objective is to conduct PME reviews in all of the major (50 or more full-time people) Departmental installations and as many other installations as practicable within a 3 year period.

On a yearly basis, a minimum of 25 major installations will receive PME reviews. Included in this total is a minimum of 8 district (DIBA) or regional offices.

The actual reviews themselves will consist of program elements or areas of emphasis as follows:

- position management and position classification - immediate objective is to achieve a 90-95 per cent accuracy rate and the PME program element goal is to track the achieving of the accuracy rate through a sampling system of position and vacancy reviews
- Merit staffing - immediate objective is to achieve a 90 percent technical accuracy rate in the administration of our merit staffing programs and the PME program element goal is to track achievement through a sampling system of recent actions in filling positions.
- equal employment opportunity - immediate objective is to review a minimum of 200 equal employment plan action items on a yearly basis, from a variety of Departmental offices, to track successful completion
- supervisory training and executive development - immediate objective is to achieve a 90 - 95 per cent compliance rate with Civil Service Commission requirements on training of supervisors and executives and the PME program element goal is to track achievement through a sampling of individuals identified as supervisors and executives
- incentive awards - immediate objective is to achieve a distribution rate by grade levels, minorities, and females consistent with the representation of these categories in the organizational population. PME reviews of distribution of awards will be tracked along these lines

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- fair labor standards - immediate objective is to achieve a 95 per cent compliance rate with positions being identified as exempt or non-exempt in accordance with Civil Service Commission requirements. This will be tracked through sampling in PME reviews

- labor management relations - immediate objective is to have managers cost out items in 100 per cent of those contracts that are about to be negotiated or are about to be renewed. Those contracts falling under the above stipulations will be reviewed under PME.



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

November 17, 1976

CIRCULAR NO. A-113

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: PREPARATION AND SUBMISSION OF MANAGEMENT PLANS
General Information and Policies, General
Requirements

1.1 Purpose: This Circular prescribes general guidance and responsibilities for the preparation, submission and execution of management plans by Federal agencies.

1.2 Authority. Reorganization Plan No. 2 of 1970 transferred to the President several specific management responsibilities formerly assigned by law to the Director, Bureau of the Budget. The President has delegated certain management responsibilities to the Director, Office of Management and Budget. These responsibilities are identified primarily in Section 209 of the Budget and Accounting Act of 1921, and in Section 305 of Title 5 of the United States Code. These responsibilities include issuing guidance to agencies for reviewing and improving their operations and assessing agency management.

1.3 Application of instructions. This Circular applies to all agencies of the executive branch of the Federal Government required to submit budget estimates to the Office of Management and Budget (hereinafter called "OMB") pursuant to OMB Circular No. A-11, unless exempted in writing by OMB.

1.4 General definitions. The definitions set forth in 11.2 of Circular No. A-11 are applicable to these instructions. In this Circular, "management plan" means a management plan pursuant to this Circular; A-11 means Circular No. A-11.

1.5 Time for submission of management plans. Management plans will be submitted by each agency to OMB for the consideration of the President at the time provided for submission of such agency's initial budget materials to OMB pursuant to Section 11.3 of A-11. Management plans for FY 1977 will be submitted no later than December 15, 1976.

(No. A-113)

1.6 Hearings on agency plans. The provisions of Section 11.7 of A-11 shall also be applicable to a submitted management plan.

General Policies

2.1 Authority and responsibility of the agency head. Subject only to such priorities and direction as are established by law or Presidential action, the agency head has both the authority and responsibility for proper management of the agency, and for the preparation, submission, and implementation of management plans pursuant to this Circular.

2.2 Objectives of Management Effort. The term management has many meanings, but as used in this Circular it includes for each agency, the initiation and implementation of systems:

(a) to assure that policies and programs that an agency is charged with administering are carried out in a manner which, consistent with carrying out fully the intent of such policies and programs, (i) maximizes the potential for reducing costs and errors, and (ii) minimizes the burden imposed on those served or regulated;

(b) to assure that, to the maximum extent practicable, all relevant factors are considered in agency decision-making and in agency recommendations to the President, the Congress and others (including consideration of possible impact on the policies or programs of other agencies and on competing national objectives), and that toward such end the agency undertakes broad consultation with others including, except where clearly inappropriate, extending the public the opportunity to be heard -- by submitting views in writing and/or by testifying at hearings;

(c) to assure that decisions of the agency head and other agency managers are promptly and effectively implemented;

(d) to assure that the policies and programs that an agency is charged with administering are analyzed on a periodic basis to determine (i) the extent to which they have achieved and can be expected to achieve their objectives, (ii) the costs thereof on outlays, burdens imposed and negative effects with respect to other

objectives or goals, and (iii) whether modification or elimination of any policies or programs (with or without alternative approaches) is necessary or desirable; and

(e) to assure that short-term objectives of the agency are formulated, tracked and implemented in accordance with the intent of the management-by-objective system described by A-11.

In this Circular, "improved operational efficiency" encompasses the objectives set forth in (a) above, "improved decision-making processes" encompasses the objectives set forth in (b) and (c) above, "improved program impact evaluation" encompasses the objectives set forth in (d) above, and "obives of this Clar" encompasses all of the objectives set forth in this sub-section 2.2.

2.3 Organizational Arrangements Necessary for Proper Management. Given the wide variation in the purpose and nature of Federal programs, the organizational arrangements necessary to carry out the objectives of this Circular will also vary among agencies. This latitude is preferable to mandated standard organizational arrangements for every agency. However, such arrangements for each agency should:

(a) clearly identify the authority and responsibility of each operational unit within the agency, and of the personnel within such unit, for carrying out the objectives of this Circular; and

(b) include an organizational unit responsible and reporting directly to the agency head and with the mandate from the agency head the requisite personnel to assist the agency head in an unbiased manner in carrying out the objectives of this Circular and coordinating such actions with the agency's budget process.

2.4 Priorities. Achievement of the objectives of this Circular requires many different kinds of actions by each agency. Within such a spectrum, the management activities which need the highest priorities at a particular time will differ from agency to agency, and also vary over time for each agency. Therefore, it is essential that for each budget year such priorities and plans for accomplishing them be incorporated in the agency's management plan.

Information Required for the Management Plan

3.1 Organizational Arrangements. The organizational arrangements of the agency to carry out each of the objectives of this Circular should be briefly described. Such statement should focus on (a) identification, functions, and staffing of the organizational unit contemplated by sub-section 2.3(b) above, (b) the mechanisms for coordinating the work of each such unit with the bureaus and with budget and administrative personnel of the agency, (c) the system for coordinating the development and implementation of the agency's management plan with its budget, (d) an evaluation of how well such arrangements are in fact working -- with a brief description of the manner in which such evaluation was conducted, (e) material changes since January 1 of the year in which the management plan is submitted, and (f) proposed changes.

3.2 Improved Decision-making Processes. The systems and guidelines -- manager's checklists -- to improve decision-making processes should also be briefly described. Such statement should focus on (a) a description of the systems and guidelines used and the type and level of decision-making in which they are used, (b) evaluations of how well the systems and guidelines for improved decision-making processes are in fact working -- with a brief description of the manner in which such evaluations were conducted, (c) material changes in such systems and guidelines since January 1 of the year in which the management plan is submitted, (d) proposed changes, (e) a listing of those issues upon which the public was given an opportunity to be heard before decision (as contemplated by sub-section 2.2(b) of this Circular) since January 1 of the calendar year in which the plan is submitted, excluding such opportunities required by law, (f) a similar listing, to the extent known, of issues to be so opened to public comment during the period through the end of the budget year, and (g) opportunities for public comment that had been scheduled to occur after January 1 but were not carried out (together with reasons).

3.3 Improved Operational Efficiency -- Program Reviews and Modifications. It is expected that programs will be reviewed periodically in a systematic way to bring about improved operational efficiency. It is recognized that the appropriate review cycle will differ program-by-program.

3.3.1 Review Design. Each such periodic review should include a fresh look at the flexibility afforded by governing laws, proper program design, identification of burdens not required by such laws, balancing the uses served by current requirements against the costs, possibilities of error and burdens such requirements entail, and making or proposing the administrative and statutory modifications that appear advisable. Wherever appropriate such periodic reviews should afford the public the opportunity to be heard.

Although the program content will largely determine the design of the review of a particular program, the objectives of the review must include careful assessment of opportunities to reduce regulatory and paperwork burdens.

(a) Regulation Burden Reduction. Whether regulations seek to control actions or simply set forth conditions of assistance -- for example, whether they regulate the manner in which businesses are conducted or specify what an individual, state, local government or other institution must do to qualify for a federal grant, loan, etc. -- regulation reduction, clarification, and simplification should be achieved whenever possible.

(b) Paperwork Burden Reduction. Paperwork requirements are a form of regulation. Improvements should be sought not only in terms of reduction in the number of forms but also, more importantly, in terms of gross and net reduction in the hours and expertise require for compliance.

3.3.2 Identification of Programs for Review. The systems and actions taken to assure such periodic review should be briefly described. Such statement should (a) list all programs that have been identified as being appropriate programs for such periodic operational efficiency reviews, with notation as to when each such program was last so reviewed and when scheduled for next review, (b) list those programs for which such periodic review appears inappropriate (with the reasons in each case), and (c) describe the principles that were applied to determine whether programs should be so reviewed periodically, the order in which programs will be so reviewed, and the contemplated review cycle for each.

3.3.3 Review Completed and Scheduled. Such statement should also focus on (a) a brief description of such review

completed since January 1 of the calendar year in which the management plan is submitted (including opportunities afforded for public comment not required by law), (b) the results of each such review, and plans for the next review of each program so reviewed, (c) a similar listing of such reviews planned to be completed or started during the current year, the budget year and the budget year + 1, and (d) reviews that had previously been targeted for completion which were not undertaken or completed (together with the reasons therefore).

In reporting the results of completed reviews, statements as to improvements in operating efficiency -- better program design, regulatory and paperwork burden reduction, improvement in productivity, reduced processing time, etc. -- should be specific and, to the extent practicable, should be quantified.

3.4 Improved Operational Efficiency -- Day-to-Day Initiatives. Although the periodic program efficiency reviews referred to in section 3.3 are expected to result in substantial improvement in programs -- toward achieving missions and toward improved operation efficiencies -- the effort to improve efficiency must not be restricted to periodic review efforts of this kind. Set forth below are examples of the kinds of things that the agency should work at in a systematic way throughout the year for achieving improved operational efficiency of all its programs.

3.4.1 Regulation and Paperwork Burden Reduction. Opportunities to reduce regulatory and paperwork burdens and to clarify and simplify requirements are often identified apart from periodic reviews -- for example, by the bureaus, from communications of those affected, in testimony given by others to Congress, GAO reports and reports and evaluations of advisory committees, nonprofit institutions and interest group organizations, etc. The statement should briefly describe (a) the system or systems in place to identify promptly and take advantage of such opportunities, (b) any significant reductions in such regulation and paperwork burden made since January 1 of the calendar year in which the management plan is submitted (not already covered in the statement with respect to results of periodic program efficiency reviews pursuant to 3.3 above) and (c) any work currently under way or planned in this area for the period through the budget year.

actions, taken and proposed, with respect to OMB Circular A-76. The statement should focus on: (a) the systems to assure A-76 compliance, (b) functions previously carried out in-house that were contracted out since January 1 of the calendar year in which the management plan is submitted -- together with a brief statement of realized and expected savings, (c) functions carried out in-house which were scheduled for A-76 examination during the same period which were not contracted out -- together with the reasons and (d) functions scheduled for such examination during the period through the end of the budget year and for the period of the budget year +1.

3.4.3 Overhead Cost Reduction. The management plan should briefly describe, in manner similar to that provided in section 3.4.2, systems and actions, taken and proposed, with respect to reducing all types of overhead costs. In addition to such other targets as the agency or OMB may identify from time to time, the statement must include focus on the following (except to the extent that the agency can demonstrate no material application):

- (a) Office and other space utilization.
- (b) Record retention and storage.
- (c) ADP practices.
- (d) Data collection, analysis and reports.
- (e) Cash management.
- (f) Accounting systems.
- (g) Reproduction equipment and usage.
- (h) Travel, both local and distant.
- (i) Telephone and other communication equipment and usage.
- (j) Audiovisual equipment and usage.
- (k) Mailing practices.

3.4.5 Personnel Management. Proper selection, development and utilization of personnel is of critical importance to

every agency. The statement should briefly describe (a) the systems in place to improve and monitor the agency's performance with respect to: (i) executive selection and development, (ii) personnel position and classification management, (iii) productivity measurement, both scope and improved methods, (iv) work force and management quality, development, and incentives and (v) employment ceilings, (b) evaluations of how well each of such systems is in fact working--with a brief description of the manner in which such evaluations were conducted, (c) material changes in such systems since January 1 of the year in which the management plan is submitted, (d) proposed changes, and (e) specific, and to the extent practicable, quantified improvements since such January 1 with respect to items (i) through (v) above.

3.5. Improved Program Impact Evaluations. As indicated by section 2.2(d), these evaluations attempt to determine whether a program is effectively meeting its fundamental objectives as established (or assumed) in the statutes or regulations and to determine costs of such program, including unintended adverse consequences. The ultimate question probed in such an evaluation is whether it is worthwhile, on balance, to continue the program at all.

Such evaluations are often difficult to design properly. They sometimes require a number of years to design and complete. Their design also may necessitate multi-program mix and interagency cooperation to implement.

Not all Federal activities are appropriate for such evaluation inasmuch as the continuing need for some activities may be clear. Further, even though programs which should be so evaluated should be re-evaluated at intervals, the proper interval between evaluations will vary.

Wherever appropriate, such periodic reviews should afford the public the opportunity to be heard--both with respect to evaluation design and, as the evaluation proceeds, with respect to program benefits, costs, burdens and alternatives.

The systems and actions taken to schedule, design and conduct such periodic reviews should be briefly described in the management plan. Such statement should focus on the same kinds of information as are required for program

operational efficiency reviews in subsections 3.3.2 and 3.3.3 above, except that programs outside of the agency that should be included in a particular evaluation should be identified and, as to item (c) of subsection 3.3.3, the period to be covered should also include the budget year + 2.

If the agency has submitted a new program proposal as part of its budget submission, the management plan must also indicate the agency's plans for periodic program operational efficiency reviews and periodic program impact evaluation and, to the extent practicable, incorporate such plans in the legislation or regulations, as the case may be.

3.6 Missions and objectives. The management plan should include a statement of the missions or goals of the agency--herein called "goals" -- as determined from statutory and administration policy, together with a notation of changes in such goals from the last management plan.

The same goal is often shared by a number of agencies. For example, one of the goals of every agency having programs related to housing is a decent home for every American. Accordingly, the development and review of a statement of goals by any one agency must be closely coordinated with similar work of other agencies so that the statements will, where appropriate, be the same or complement each other in the proper manner.

The agency should briefly list under each goal the programs of the agency intended to work toward accomplishment of such goals, together with a notation of changes in such list from the last management plan.

Sections 13.1 and 24.5 of A-11 set forth requirements for budget year management-by-objectives ("MBO") program objectives. Under A-11 such an objective is, unlike a goal as described above, a short-term objective that focuses on producing a tangible result at a specific point in time--usually not more than 18 to 24 months from the time the objective is determined.

As indicated by item (3) of section 24.5 (a) of A-11, objectives developed pursuant to the MBO process should include those related to carrying out the objectives of this Circular.

The statement should briefly describe (a) the systems in place or proposed for the identification, tracking and achievement of MBO's, and an evaluation of how well such existing systems are working--with a brief description of the manner in which such evaluation was conducted, (b) as to each objective scheduled for achievement during the calendar year in which the management plan is submitted, (i) the date the objective was achieved, or (ii) if not achieved, the previously reported date for completion, the reasons not completed, and the revised scheduled achievement date and (c) the agency's new objectives scheduled for achievement during the period through the end of the budget year and, to the extent possible, into or through the budget year + 1.

For each new objective, the description should include (i) the scheduled date for achievement, (ii) the primary tasks required for achievement, (iii) the timetable for each such task and, (iv) the tracking system to be used to track progress on each task and final achievement. Henceforth, to avoid duplication of this planning effort, agencies subject to this Circular shall be required to identify MBOs in the budget submission pursuant to A-11 only as necessary or advisable in the context of the agency's written justification material submitted pursuant to section 24.4 of A-11.

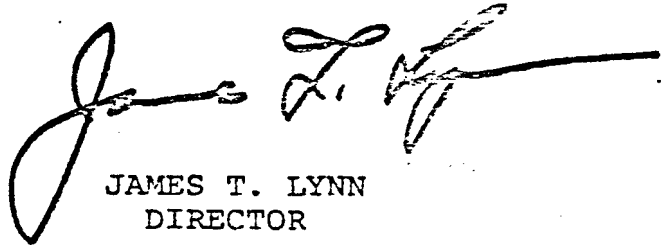
Completion of Plan, Publication, Changes and Periodic Reports

4.1 Completion and Publication of Management Plan. The agency will be responsible for completion of the management plan, the original submission of which shall be revised to conform to changes, if any, developed in the course of review or called for by Presidential determination.

4.2 Summaries of such plans, or portions thereof, will be prepared by the agency in accordance with OMB guidance to be made available for public distribution simultaneously with presentation of the President's Budget, or within such time thereafter as OMB may approve.

4.3 Each agency will report any proposed material change and its management plan to OMB at least 14 days in advance of the proposed effective date for such change.

4.4 At quarterly intervals, to be specified by OMB, each agency will submit to OMB a statement briefly describing its progress, variations from baseline submission, problems encountered and contemplated solutions in carrying out its management plan.

A handwritten signature in black ink, appearing to read "James T. Lynn", with a long horizontal flourish extending to the right.

JAMES T. LYNN
DIRECTOR

