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THE WHITE HOUSE
WASHINGTON

Don R

I agree to very
substantial degree both as
to procedure & legislative
approach.

How do we push?

Is it a major (all out)
project?

THE WHITE HOUSE

WASHINGTON

INFORMATION

January 15, 1975

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ROY L. ASH

SUBJECT:

Improving Government Effectiveness

At the October 10 Cabinet meeting you asked me to report on means to achieve a more productive civil service.

Cabinet officers' concerns over bureaucratic performance are no doubt well founded. However, their recognition of the symptoms may be more acute than their diagnosis of the causes. That is, they may perceive only one of the underlying causes -- deficiencies in the system of career civil service. Although I will address that issue, my own analysis is that more fundamental to improved effectiveness of the civil service is adequate management throughout government.

Management in Government

Government is perceived by many, in and out of government, as proposing, arguing over, and passing laws, and appropriating and spending money, with all the activity and high-profile public interest that entails. In reality, government is increasingly managerial.

Thinking through and developing new policies and proposed legislation to deal with today's complex issues requires organized and rigorously managed effort for successful results. Carrying out the myriads of Federal programs after the laws are passed is equally dependent on effective management. These activities get less public attention but are the essence of effective Executive Branch operations.

My own observation is that any ineffectiveness of government in doing this demanding work is as likely to result from ineptitude of management as from disloyalty, deviousness, or incompetence on the part of civil servants. Therefore, it is important first to look at the sources of management inadequacy in government.

Managerial Capability

Cabinet and sub-Cabinet officers who haven't a managerial sense of their own often fail to seek management capability when hiring or assigning subordinates. Thus, an inadequate appreciation for management at the top leads to managerial weakness in depth. Some managers don't know how to structure their problems for others to work on, or how to establish and operate effective arrangements of delegated authority, responsibility and accountability. Some often fail to articulate and communicate their goals, policies and decisions well enough to permit their subordinates to act on them. Some are never able to establish adequate communication with their staffs or to motivate good performance. Others fail to set priorities among the tasks they assign or to follow up to make sure that assignments are performed in the manner they intended. Some are oblivious to the value of objective judgments and regard adverse advice or information as nothing but evidence of contrariness. For all of these reasons, unsatisfactory line performance often stems from inadequate managerial leadership at the highest levels. From the top down, capability for management is as important a criteria for key jobs as are other requirements.

Management Environment

Some Cabinet and sub-Cabinet officers, especially those with little previous experience in government, arrive at their posts blissfully ignorant about the problem of managing within the Executive Branch of the Federal Government. Experience in the private sector may not accustom them to the ways of getting government's work done or to the limited managerial freedom which even the head of a Federal agency can actually exercise.

Management methods cannot be carried over intact from the private sector but the fundamental principles of good management are equally applicable.

Management Depth

The Federal Government's executives are not all career civil service people who cannot be transferred or replaced. Over 1500 of the top positions can be filled (and refilled) with almost no civil service constraints. These include the 600 on the Executive Level, comprising just about all of the key decision-making posts in the Executive Branch, and about 600 super-grade jobs which are specifically set aside for political appointees and

over which the Civil Service Commission exercises almost no control. These are the executives who are supposed to be directly responsive to Administration directives and responsible for seeing to policy transmission and implementation.

There are enough of them, and they bear sufficient authority, to carry much of the management burden of the Executive Branch. Conversely, one can be led to suspect that much of the dissatisfaction with agency performance can be traced to ineffective performance in some of these management positions.

Recommendations to Improve Management

1. Given the limited time an appointee will be in government, primary emphasis must be on "selecting in" managerial competence, not on training it. For those jobs with high managerial content, the White House Personnel Office and the departments should be directed to find candidates for executive level and non-career (political) supergrade positions with proven competence in managing large organizations and, where appropriate, with the necessary substantive qualifications. In many areas, it is easier and more productive for a qualified manager to learn the substantive issues on the job than visa versa.
2. We should establish an orientation program for newly appointed political executives, including Cabinet officers, to explain the peculiarities of managerial life in the government and thus enable them to take effective command of their responsibilities immediately upon assuming office. OMB and the Civil Service Commission are currently working to develop materials and a format for such a program which could be implemented as early as March. The curriculum includes such topics: Managing in Government, Administration policies; Executive Branch relationships with the Congress, the press and special interest groups; Budgetary and legislative mechanics; The roles of GAO and OMB, and the relationship of the political executive to the civil service. The program would attempt to instill in the new appointees a sense of the Administration's commitment to effective management and its techniques for insuring accountability and measuring results. The program would also familiarize the executives with civil service hiring, transfer, and dismissal procedures, and with the political appointment and replacement process. Finally, it would help

establish communications among political executives and introduce them to older "hands" to whom they could turn for advice later.

3. Continual evaluation of each executive - as a manager - should be undertaken so that advice, assistance and even replacement can be made as necessary. OMB has been planning to provide this evaluation as part of its "management" role.
4. The importance you personally assign to good management in government can be impressed on the agencies by putting into effect the proposal I sent you on January 8th. Your own managerial involvement will be multiplied many fold throughout the Executive Branch.

The Career Civil Service

In addition to problems with the political executives as managers, substantial criticism is directed at the civil service system itself. It is true, of course, that there are obstacles in the way of improving the recruiting, training, and management of the career executive workforce.

- The system tends to reward and encourage development of program skills with insufficient incentives for staff who develop and demonstrate good management skills.
- Civil Service Commission regulations turn recruitment of an "outsider" for a career supergrade slot into a Herculean labor.
- Promotion procedures established and operated by the Civil Service Commission make promotion to supergrade level within the career service a long, drawn out process.
- The statutory assignment of certain supergrade positions to specific agencies limits transfer of executive positions among agencies to meet changing needs.
- Too little attention is given to preparing lower level career bureaucrats for supergrade responsibilities. It does not follow that all career supergrades are unqualified for their posts, but it is probably true that a number who were promoted on the basis of their performance of lower level duties are not performing as adequately at their enhanced grades and changed responsibilities.

- The well-publicized problem of salary "compression" continues, which has caused widespread early retirements and difficulties in executive recruiting.
- Laws and regulations make it very difficult to remove a career supergrade, even for cause, and restrict the ability to effect his transfer to another agency.

Recommendations to Improve Civil Service

Most of these problems were identified years ago. Various ideas have been discussed as solutions. Besides those solutions that will come from better management, (most of them), the following will improve the civil service system itself:

1. Resubmit proposed legislation to establish an Executive Personnel System. The Nixon Administration proposed such legislation to the 92nd Congress. Its provision for a renewable term contract for all supergrades generated sufficiently strong opposition to kill the bill. For this reason, the revised bill submitted this past July excluded it, although I still believe in the merits of the concept. The revised bill also permitted increased Congressional oversight through an enhanced management information and reporting system. Otherwise, it closely resembles the earlier bill in providing:
 - consolidation of existing authorities for supergrade positions into one Executive Personnel System,
 - joint CSC and OMB authority to reallocate EPS slots among agencies annually,
 - agency heads the discretion to fill an EPS slot with a career or non-career incumbent (though statutory percentage limits would still limit the total number of non-career positions in the Government as a whole),
 - flexibility in setting individual pay within legislated limits,
 - a mechanism which, if administered properly, would create a less rigid system for appointing supergrades, particularly from outside the career service.

2. The main remaining criticism of the civil service system is the difficulty of "selecting out" those who fail to perform. This, obviously, is a sensitive issue. A number of specific ideas have been generated over time. To get beyond the idea stage and to have a chance of being successful in this direction probably requires a credible proponent of the changes that should be made.

I recommend that you attempt to achieve this end by appointing a group of (5 to 7) former and present senior civil service personnel charged with examining this matter and with making the recommendations they believe will meet the problem.

In conclusion, it is my conviction we can go a long way toward civil service responsiveness and effectiveness by improving management in government; we needn't wait.

THE WHITE HOUSE

WASHINGTON

February 3, 1975

MEMORANDUM FOR:

JIM CONNOR
JERRY JONES ✓

FROM:

DICK CHENEY

Jim, attached is a memo that went into the President from Roy Ash on improving government effectiveness. It has some good ideas in it and is well-worth considering.

You should work with Jerry Jones to pull together a proposal as to the exact status of these efforts -- some sort of case history of the last time they attempted to reform the Civil Service Commission. Go to work with Roy Ash and see what you can come up with by way of a program that would implement these steps.

You need to address questions like who should design the package, who should be consulted about the training program for political management personnel, what, if any, legislative changes need to be made, etc.

Attachment

THE WHITE HOUSE
WASHINGTON

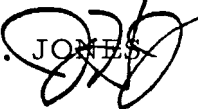
February 12, 1975

EYES ONLY

MEMORANDUM FOR:

PAUL O'NEILL

FROM:

JERRY H. JONES 

The attached is forwarded per our conversation for your information and appropriate handling.

Thank you.