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THE WHITE HOUSE
WASHINGTON

November 16, 1976

MEMORANDUM FOR: JAMES T. LYNN
FROM: JIM CONNOR *JEC*
SUBJECT: Presidential Management Initiatives

The President reviewed your memorandum of November 5, 1976 to Richard B. Cheney on the above subject and approved the recommendations made in the above mentioned memorandum.

The original package has been given to Robert Linder for preparation of the necessary Presidential documents.

Please follow-up with any other action that is necessary to implement this decision by the President.

cc: Dick Cheney
Robert Linder



THE PRESIDENT HAS SEEN
EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

November 5, 1976

MEMORANDUM FOR: Richard B. Cheney
FROM: James G. Lynn
SUBJECT: Presidential Management Initiatives

Attached herewith is a Presidential Briefing Book on Presidential Management Initiatives. The book has been prepared for the meeting we had scheduled with the President for the 20 department and agency heads participating in your management program. It contains a summary report on PMI progress to date and a detailed analysis of agency response, accomplishments, and actions taken through October 1, 1976.

The President launched the management initiatives at a cabinet meeting with the 20 on July 23, 1976, and requested OMB to issue instructions and guidelines to implement your directives. OMB then instructed each of the 20 to submit by August 23 an overall management plan spelling out how the agency intends to tackle each of the initiatives and, beginning September 21 and for each month thereafter, to deliver to OMB monthly reports highlighting significant accomplishments, actions, or variances under the agency's overall plan. Accordingly, this report contains both OMB's assessment of the departments' and agencies' management plans and their September 21 monthly progress reports.

To bring agency plans into compliance with the President's directives and OMB instructions, we assisted the agencies in sharpening their focus, specifying actions and, in some cases, recommended substantial revisions. Consequently several plans will be further changed and updated. Our comprehensive review and analysis of the September 21 monthly reports indicates measurable progress underway on several initiatives: major reductions in overhead cost areas such as travel, reproduction equipment, and telephone and reduced Federal paperwork burden on the public. On the other hand, most agencies have not fully responded to the initiatives addressing departmental organization and decisionmaking; the efficiency and program evaluation responses are generally weak, and the personnel management area remains uneven and,

in some cases unattended to.

On the whole, we can report a rather promising beginning with the prospect of even greater results ahead. Restructuring the internal management process of agencies is no easy task; it takes time, persistence, and most important of all, strong commitment by department and agency heads. OMB also can report that it now has the capability to monitor across these initiatives measuring progress based on monthly reports and can assess individual agency performance on a comparative basis. Such a system will greatly facilitate our reporting to you.

The next and more formidable task lies ahead: that of linking agency management plans to the annual budget process. We already have taken a major step in this direction through Circular A-11 which incorporates management-by-objectives under general policies required in preparing and submitting each agency's budget estimates. By broadening the scope of this requirement to include preparation and submission of a management plan, we will have begun elevating management within the agencies to a par with their budgetary operations. The management plan will then become the vital force for routinizing management within the agencies. Only by joining management plans to agency budget submissions, will we be able to institutionalize the Presidential Initiatives within the agencies.

Even though the President's direct involvement in PMI has been overtaken by events, we nevertheless have an opportunity to pull together the management initiatives undertaken by this Administration. I have prepared in draft form a separate Management Circular which, when issued will require executive departments and establishments to submit a management plan to OMB for the President's consideration in conjunction with the agency's formal submission of its FY 1978 budget materials. For the 20 departments and agencies participating in PMI, OMB anticipates full compliance with the circular. For the others, a December 1, 1976 submission date will constitute a hardship. These problems are not insurmountable.

I am strongly committed to the objectives we are attempting to achieve through this circular. Indeed, it may be one of the more important actions that can be taken by us in the weeks ahead.

Dick: I think both the report on accomplishments and the institution of management plan review as part of the budget review process would be very important aspects of the President's administration.*

* We need a decision very promptly if the management plan review is to catch up with the budget process.