

Reorganization – WH/EOP, 1977 [2]

Folder Citation: Collection: Office of the Chief of Staff Files; Series: Hamilton Jordan's Confidential Files; Folder: Reorganization – WH/EOP, 1977 [2]; Container 37

To See Complete Finding Aid:

http://www.jimmycarterlibrary.gov/library/findingaids/Chief_of_Staff.pdf

~~CONFIDENTIAL~~

DETERMINED TO BE AN ADMINISTRATIVE
MARKING BY 6/5

DATE 12-13-82

TO: PRESIDENT CARTER
FROM: HAMILTON JORDAN *HJ.*
RE: EPG MEMORANDUM FROM SCHULTZ AND BLUMENTHAL

I doubt seriously if Bert Lance endorses the concept outlined in this memorandum - he should be heard from on this before a final decision is made.

This proposal advocates a new and independent policy mechanism within EOP with an independent staff reporting to a Cabinet Secretary. This seems to me to be an impossible and unworkable solution to the problem.

I can't tell that the problems which have rendered EPG relatively ineffective to date are dealt with or solved by this proposal. You can't separate the problems of structure and staff from personalities. The argument for Stu having coordination responsibility for economic policy

is that his abilities and neutrality are recognized and accepted by all affected parties.

I have one specific objection: Mike Blumenthal should not be a member of our White House staff executive committee. Let me express ~~it~~ another way - I'll trade him a seat on our Executive Committee for his seat in the Cabinet.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

July 9, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze^{CLS}

Attached is a memorandum from Mike Blumenthal, Bert Lance and me proposing a reorganization plan for the EPG that is an alternative to the OMB Reorganization Team's suggestion.

Mike, Bert and I have discussed and agreed on this proposal. We have also met at length with Stu Eizenstat to discuss this plan.

All three of us have seen this memo. Mike and I have approved it. Bert has seen earlier drafts, but I have been unable to reach him yet in Atlanta to obtain his approval for this draft. I am sending it to you now to avoid delay. I hope to reach him later this afternoon and tell him that I have sent the memo along with the understanding that he approved its contents. He or I will contact you if that is not the case.

Attachment

I doubt seriously if Bert Lance will endorse this concept - he should be heard from on this.

~~be on crest~~

This proposal advocates a new entity - EOP (EPG) with an independent staff reporting to a Cabinet Secretary.

I can't tell that the problems which have rendered EPG ineffective are really dealt with here.

(OVER)

of the proposals or options under development make economic sense and reflect the budgetary and macroeconomic goals of the Administration. The Domestic Policy Staff would participate fully in these discussions.

EPG members would not, however, attempt to coordinate or "broker" the myriad decisions of detail involved in developing economic issues into specific legislative proposals, e.g., specific numbers and changes in positions relating to such questions as minimum wage, cargo preference percentage, levels of imports on OMAs such as shoes and color TVs, etc. That day-to-day coordination function would rest with the economics experts on Stu Eizenstat's Policy Support Staff. However, that staff would maintain a close liaison with the EPG Steering Committee, so EPG can be fully aware of their work.

For those issues with only peripheral economic impact, not formally reviewed by the EPG, EPG agencies would nevertheless be relied upon by the Policy Support Staff to provide complete economic analysis of the options under consideration.

2. Structure of the EPG

The Reorganization Team proposes to replace the existing EPG Executive Committee of eight Cabinet-level agencies and three ex officio members with a smaller Steering Group. We propose to retain the existing Executive Committee, and to enlarge it to include the Special Trade Representative.

At the same time, we propose that a smaller Steering Group of the EPG be created to coordinate EPG activities with those of other EOP units, to schedule EPG activities, and to handle those matters that do not require the attention of the full EPG Executive Committee. The Secretary of the Treasury (Chair), the Chairman of the CEA, the Director of OMB, and the Secretary of State (usually represented by Dick Cooper) would sit on this Steering Group. The Assistant to the President for Domestic Policy would attend the meetings of the Steering Group.

We believe this arrangement is more satisfactory than the Reorganization Team plan. The existing Executive Committee is too large and diverse to perform the scheduling, coordinating and overview functions that are required of such a group, and too bulky to consider quickly many minor matters. The experience of the past several months indicates that EPG requires more central direction and better staff work before principals are asked to comment on specific issues. A small Steering Committee can best perform these functions.

3. Staffing the Economic Policy Group

At present, the EPG has a staff of five professionals, located in the EOP, that reports to Secretary Blumenthal. The Reorganization Team proposes that this staff be merged with the Domestic Policy Staff. The effectiveness of this staff has been hampered because of jurisdictional confusion between the EPG and the Domestic Policy Staff, and because the EPG staff has not been tied closely to the flow of business to and from your office.

Given the clarification of functions we are here proposing, we believe a small independent EPG staff, within the EOP, can operate effectively. An independent staff is likely to be more responsive to the EPG than a staff integrated into the Domestic Policy Staff with its own somewhat different focus and responsibilities.

4. Executive Committee of the EOP

The Reorganization Team recommends establishing an EOP Executive Committee "to build and continually update the President's decision making agenda, setting priorities among issues, and dealing with the interrelationships among them." This vital function intersects directly the role we envision for the new EPG Steering Group: frequent review of the Administration's economic agenda and of the priorities and interrelationships of economic policies. Furthermore, the Executive Committee would presumably play a part in allocating work to the EPG.

We endorse the membership of the Executive Committee proposed by the Reorganization Team, with the inclusion of Mike Blumenthal in his role as Chairman of the EPG.

Otherwise, we foresee constant difficulty in keeping the work of the two groups well synchronized.

5. Decisions Requested

- A. Define EPG jurisdiction as described in this memo.

Approve _____

Disapprove _____

- B. Retain EPG Executive Committee; include STR.

Approve _____

Disapprove _____

- C. Create EPG Steering Committee.

Approve _____

Disapprove _____

- D. Retain independent EPG staff.

Approve _____

Disapprove _____

- E. Include Mike Blumenthal on the Executive Committee.

Approve _____

Disapprove _____

Ford
authorized

	OFFICE:	Authorized # at present	OPTION 1 30% Cut	OPTION 2 27% cut	OPTION 3 25% cut	OPTION 4 20% cut
14	Lipshutz	11	10	10	10	10
55	Powell	48	44 ^{Japoda - 2} 45 ^{Speed - 3} ^{news sum.}	46	46	46
	Eizenstat *	10	5 ^{Research} 7 ^{3 Messages} → Jody	7	7	7
16	Jordan	11	9 10	10	10	10
	Watson	12	10 11	11	11	11
23	Moore	26	19 ²¹ ^{5 visitor's staff}	21	21	21
	Costanza	15	12	13	13	13
29	Kraft	22	19 20	20	20	20
28	First Lady	23	21 20 ^{Bernita Joyce} ^{+ 5 Correspondence}	21	21	21
25	King (PPO)	18	12 13 ^{No detail/central support staff}	13	14	14

do women on
personnel committee
Lower staff
don't know
priority issues,
tasks
Too much non-
presidential work

* does not include Domestic Council of approximately 34)

(continued)

OFFICE: Authorized # at present	OPTION 1 30% cut	OPTION 2 27% cut	OPTION 3 25% cut	OPTION 4 20% cut
------------------------------------	---------------------	---------------------	---------------------	---------------------

Subtotals of staff from previous page	213	175	180 187	190	190
--	-----	-----	--------------------	-----	-----

WH Oper- ations Staff	268	165	165	165	165
-----------------------------	-----	-----	-----	-----	-----

Unassigned positions	0	0	0	9	33
-------------------------	---	---	---	---	----

<u>485</u> TOTAL WH STAFF 481 (+ Schlesinger & Harden = 485)	340 352 J.C.	355 367	364	388
---	-------------------------------	-----------------------	-----	-----

(TOTAL FORD WH STAFF - 485)

250 / 187.0

485
352
133

Watson new
Pettigrew new

REPRODUCTION MADE FOR
PRESERVATION PURPOSES

OFFICE: Authorized # at present		OPTION 1 30% cut	OPTION 2 27% cut	OPTION 3 25% cut	OPTION 4 20% cut
IOB	1	0 1	①	1	1
Bourne	1 (Drug Abuse)	0 1	1	1	1
Hutcheson	3 (Staff Secretary)	③	3	3	3
Brzezinski	* 2	②	2	2	2
Carter	2 (Administration)	②	2	2	2
Aragon	2	②	2	2	2
Mitchell	2	②	2	2	2
Schneiders	2	②	2	2	2
Pettigrew	2	②	2	2	2

Should be used more

THE WHITE HOUSE
WASHINGTON

July 9, 1977

PERSONAL AND ~~CONFIDENTIAL~~

TO: PRESIDENT CARTER
FROM: HAMILTON JORDAN AND BOB LIPSHUTZ
RE: REORGANIZATION OF THE EOP AND WHITE HOUSE

As requested, we have reviewed in detail the reorganization proposals submitted to you by the Reorganization Team.

We have tried to do several things:

- identify and isolate the major structural, procedural and staffing decisions that you should make;
- analyze staff reactions and criticisms of the major components which were submitted to you with the goal of identifying the major areas of consensus and disagreement;
- present options and recommendations to you on each major area of study.

Most of the major decisions will influence the official reorganization plan that is submitted to the Congress for action. There are many good recommendations presented that relate to

"DETERMINED TO BE AN ADMINISTRATIVE MARKING
CANCELLED PER E.O. 12958, SEC. 1.3 AND
ARCHIVIST'S MEMO OF MARCH 16, 1983"

- 3 -

with the identity and areas of responsibility it now has in order to properly service you in the areas of foreign-defense policy. A concept of a staff that switches from one subject to another is at least a half century out of date."

Eizenstat: "I think that Option I falls short of real reform, and would therefore cast doubt on the significance of reorganization. I think Option III clearly makes no sense unless the primary purpose of reorganization is to produce an organizational chart with as few boxes as possible. It would be unmanageable to have a pool of staff members upon which Zbig and I could draw; the people that we need for staff assistance must work directly for us and not be forced to decide which senior staff member's request for assistance has priority."

Given the recommendation of the Reorganization Team for Option II and the strong concurrence of the White House staff in that recommendation, there exists within the EOP Option II two major decisions which will require your thought and personal decision - COWPS and CEQ. There is no need to restate here the recommendations of the Reorganization Team and the counter arguments presented in opposition to the movement of

- 4 -

CEQ and COWPS out of EOP. Reference should be made to the Reorganization Team's recommendations and to Charlie Schultze's memorandum on COWPS and Stu's memorandum on CEQ.

A personal comment on our part. We believe that the decision you make on CEQ will be a clear signal to the Congress, the news media and the American people as to the seriousness you attach to reorganization. It is the most politically controversial recommendation made by the Reorganization Team. CEQ does not provide direct staff support for the President and should not be a part of EOP any more than an Educational Council or Health Council, etc. We think that the entire credibility of the EOP reorganization will be damaged if it appears you side-stepped this decision ~~apparently~~ because it is controversial and the environmentalists are your friends.

We believe that the CEQ can perform the same function attached to the Department of the Interior for administrative purposes only. They will have their same responsibilities and autonomy. Their communications will have to travel several blocks instead of across the street - that will be the only real change.

It is difficult to make the argument that a President with an almost perfect environmental record needs to have CEQ

- 5 -

on his own personal staff. Furthermore, during the Administration of an anti-environmentalist President, having CEQ located in the Oval Office is not going to make things any better.

Summary of EOP Structural Recommendations

Recommendations:

1. That you accept . II as the basic structure for the EOP.

_____ I agree _____ I disagree

2. That you separate out the COWPS and CEQ decision and study the arguments for and against their movement out of EOP.

_____ I agree _____ I disagree

POLICY PROCESS MANAGEMENT

A number of constructive improvements were recommended by the Reorganization Team as relates to the policymaking system and the decision making process. They include:

- 1) Instituting a PRM process for domestic and economic issues.
The senior staff agrees without exception that there should be a domestic PRM process, managed by Stu Eizenstat. As domestic issues are numerous and involve a large number of departments

- 6 -

and agencies, we would recommend that Stu be given broad discretion to determine which issues/decisions should be subject to the PRM process. Our recommendation would be that Stu recommend to you for approval that specific issues be subjected to the PRM process.

There is no question that a more formal process for major decisions would insure better Congressional and political input and require the more systematic inclusion of the views of affected departments and agencies.

Recommendation: That Stu proceed to develop a domestic PRM process which will be approved by you.

_____ I agree _____ I disagree

2) Creating an Executive Committee of Presidential Advisers to set priorities among issues and oversee their staffing.

There is no objection to such a structure, but if the size and membership of the Executive Committee is not controlled, it will be difficult for it to be an effective, working group. A definite need exists for the overall coordination of policies and decisions at the senior staff level.

Recommendation: That you assign a few people to recommend the membership and purpose of such a committee.

_____ I agree _____ I disagree

3) Assigning the Assistant to the President (Jordan)
a more explicit responsibility for coordinating political
input to policy issues. We believe that this problem is
solved by the implementation of the domestic PRM process with the
more systematic inclusion of political considerations early
in the process.

Recommendation: That Assistants to the President Jordan and
Moore be included in the domestic PRM process.

_____ I agree _____ I disagree

4) Sharing of Presidential decision memoranda on policy issues
with Cabinet and EOP advisers most affected. There is general
agreement with this recommendation.

Recommendation: That you direct the Staff Secretary to share
Presidential decision memoranda on policy issues with Cabinet
and EOP advisers most affected.

_____ I agree _____ I disagree

5) Consolidating the two White House paper circulation systems
and including the OMB Director and CEA Chairman in the White
House circulation list. There is agreement among the White
House staff that Bert Lance and Charlie Schultze should be
included in the White House paper circulation system. There
is widespread consensus (with one exception) that the two systems

- 8 -

should be consolidated and managed by the current Staff Secretary (Hutcheson).

At present, memoranda from Cabinet secretaries go first to the Cabinet Secretary (Watson), who may solicit views from other departments, from OMB and CEA, and/or develop his own recommendations before passing the memoranda on to the staff secretary. Upon receipt, the staff secretary then circulates the memoranda among the senior staff for comments before forwarding to the President.

The fact that the memoranda go first to the Cabinet Secretary does not enhance the final product presented to the President, nor does it expedite their circulation. Quite the contrary, the additional step creates a delay. The reorganization team proposes that the Cabinet memoranda come first to the staff secretary. The staff secretary immediately sends a copy of the memorandum to the Cabinet Secretary, who can then proceed to do those things that he would ordinarily do with a Cabinet communication. The Cabinet Secretary can then give specific reactions and/or instructions as to which other Cabinet and department members should have an opportunity to comment on the memorandum.

- 9 -

Jack Watson opposes such a system. His argument is:

"In order for me to perform effectively as Cabinet Secretary, it is essential that I be in the direct line of communication flow between you and the Cabinet. The roles of the Staff Secretary and Cabinet Secretary, although closely related, are quite different. The responsibility of the Staff Secretary is to monitor the overall paper flow to the President; the responsibility of the Cabinet Secretary is to insure an ongoing, fair and coordinated Cabinet input into the White House decision-making process.

One of the things I have tried to do (and am doing on an increasing basis) is to reduce the volume of Cabinet questions, issues, conflicts, etc. that flow to you, both by summarizing Cabinet information and by answering questions, making proper referrals, resolving conflicts, etc. It is a vitally important function, not only in terms of reducing the number of decisions that have to come to you, but also in terms of helping the Cabinet members work well with each other."

Recommendation: That you approve consolidated paper circulation system as recommended by the Reorganization Team and White House Senior Staff (Watson dissenting) under the management of Hutcheson.

_____ I agree

_____ I don't agree

- 10 -

6) Building a capacity to review the decision-making process periodically. There is general agreement that this be done although no mechanism is recommended by the reorganization team to accomplish this objective. Possibly a study team from OMB should periodically review the processes here as they did in the case studies which we all found interesting and instructive.

Recommendation: That you direct OMB to periodically review the processes used by the White House.

_____ I agree _____ I don't agree

B. Making process management on domestic and economic issues the explicit and primary responsibility of the current Assistant for Domestic Affairs.

C. Merging the Domestic Council and Economic Policy Group staffs under the Domestic Adviser, with the combined unit renamed Policy Support Staff.

It makes sense to consider "B" and "C" together as both recommendations address themselves to the possible merger of domestic and economic policy management and staff under the office of the Assistant for Domestic Affairs. What is being addressed here in an oblique way is a failure of the

- 11 -

EPG to function efficiently or effectively. We do not know anyone that is satisfied with its structure or performance to date.

Some comments on this:

Harden: "While I see the need to have a group coordinate economic activities, I think the staff should be assigned to Stu or Charlie Schultze. If Blumenthal has his own EPG staff, you are simply going to lengthen the decision-making process."

Eizenstat: "I agree that the EPG has not served very effectively to date. Mike and Charlie are now working on a proposal to reform the EPB...I recommend that you make no final decision on EPG until you see their memorandum.

Brzezinski: "While the EPG has become increasingly clumsy (there were 42 people at their last meeting), the EPG staff has been a useful locus of support for international economic policy questions with domestic implications. If the EPG staff is to be abolished and most of its staff transferred to a domestic policy staff, I would recommend that the NSC take on the international economic policy issues...coordinating with the domestic policy staff."

- 12 -

Because the EPG has not functioned well to date and there is some question as to whether a Cabinet officer should chair such a group and also supervise the staff, I believe that there is general sentiment for merging the EPG and domestic policy staff. This is something that should be seriously considered. You will probably find Stu reluctant to advocate such a staff merger as he does not want to damage the good working relationship he has with both Blumenthal and Schultze. The fact is that EPG has functioned poorly as is presently structured. One reason that Stu's greater involvement would be welcomed by most affected parties is the great respect that everyone has for his abilities and his ability to be an "honest broker."

Recommendation: That you make substantial changes in the structure and staffing of EPG. You should await the Blumenthal Schultze memorandum and also confer privately with Eizenstat to get his frank views.

_____ I agree

_____ I disagree

THE WHITE HOUSE

WASHINGTON

July 8, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

RICHARD HARDEN 

SUBJECT:

EOP Reorganization

Since I was actively involved in the study itself, I am in agreement with most of the recommendations, particularly those relating to improving the decision-making process. There are several areas, however, where I feel you have the option of going further than the study team has proposed and where their proposals need further exploration. These points are discussed under the following headings:

- Process Management System
- Staff Reductions
- Possible Changes in OMB
- Next Step

PROCESS MANAGEMENT SYSTEM

I worked closely with the study team in developing the recommendations, and I have been working with Stu and his staff in developing the system to be used in managing the domestic decision process. While I am in full agreement that the system is needed, there are several points you need to keep in mind if you expect it to work as well as the NSC system.

- It would be helpful for you to clarify with Jack Watson and Stu Eizenstat their roles under the new process. It is my opinion that Stu should have responsibility for managing all interagency committees on domestic issues and that while Jack should continue to handle the Cabinet meetings, he should limit his other activities to handling dealings between you and individual members of the Cabinet.

- 2 -

- You also need to consider the degree to which you are going to have Cabinet Secretaries actively involved in the staff management process. While I see the need to have a group coordinate economic activities, I think the staff should be assigned to Stu or Charlie Schultze. If Blumenthal has his own EPG staff, you are simply going to lengthen the decision-making process.
- It would also be good to have Stu and Zbig sit down with Bert, Charlie, and Ham to work out a more formal procedure for insuring the timely input of budgetary, economic, and political information into the decision process.

STAFF REDUCTION

I have summarized in the chart on the following page some figures concerning overall staff reductions in the EOP. I would call your attention to the following points:

- The current level of employment within the EOP is approximately 1,628, meaning that the study has recommended an actual reduction of only 215.
- Looking at the first group of agencies, when you consider that the administrative unit is supposed to save 52 positions, you have had a net reduction of only 6. The percentage reduction is approximately 4.9%.
- The overall percentage reduction is 17.5%. If you decide to retain CWPS and CEQ, the reduction drops to 11.8%.
- If you use the Ford level of 1,655 as your base instead of the 1,712, the reduction is 242 and the percentage is 14.6%.

In short, the only place we have made any real staff reduction is in the White House policy staff and possibly in the administrative support unit if you decide to create it. The only place where we have transferred out any functions is in the specialized units.

SUMMARY OF EOP REDUCTIONS

	<u>Authorized</u>	<u>Actual</u>	<u>Option II</u>	<u>Difference</u>	
				<u>Authorized</u>	<u>Actual</u>
Vice President's Office	30	30	27	(3)	(3)
OMB	709	709	610	(99)	(99)
Domestic Council	40	34	41	1	7
NSC	70	56	56	(14)	--
CEA	42	40	39	(3)	(1)
OSRTN	49	45	41	(8)	(4)
Administrative Unit	--	--	143	143	143
White House-Operations	<u>240</u>	<u>240</u>	<u>165</u>	<u>(75)</u>	<u>(75)</u>
Subtotal	1,180	1,154	1,122	(58)	(32)
White House-Policy	245	221	178	(67)	(43)
Mansion	86	86	86	--	--
IOB	0	0	5	5	5
CWPS	57	33	--	(57)	(33)
OSTP	32	17	22	(10)	5
CEQ	40	45	--	(40)	(45)
ODAP	10	10	--	(10)	(10)
EPG	--	--	--	--	--
CIEP	21	19	--	(21)	(19)
OTP	<u>41</u>	<u>43</u>	<u>--</u>	<u>(41)</u>	<u>(43)</u>
Subtotal	<u>201</u>	<u>167</u>	<u>27</u>	<u>(174)</u>	<u>(140)</u>
TOTAL	1,712	1,628	1,413	(299)	(215)

POSSIBLE CHANGES IN OMB

I think you have already received several comments about the fact that OMB has not recommended any staff reductions. Below is a list of the units within OMB at the beginning of the study:

- Director's Office
- General Counsel's Office
- Public Affairs Office
- Congressional Relations
- Administration
- Budget Examining Divisions
- Budget Review Divisions
- Economic Policy Division
- Intergovernmental Relations
- Legislative Reference
- Management Divisions
- Organization and Special Studies Division
- Statistical Policy Division
- Information System Division
- Economic and Government Management Division
- Evaluation and Program Implementation Division
- Executive Development and Labor Relations Division
- Federal Property Council
- Office of Federal Procurement Policy

First of all, I would say that there are several units within OMB that are not critical to their operation. If you told them to reduce their staff by 200, I don't think they would hold on too tightly to the Economic Policy Division, Statistical Policy Division, Executive Development and Labor Relations Division, or the Office of Federal Procurement Policy.

Secondly, further personnel savings could be realized by more closely coordinating OMB's General Counsel's Office, Public Affairs Office, Intergovernmental Relations Division, Congressional Relations, Legislative Reference, and Evaluation and Program Implementation Division with the corresponding offices in the White House.

NEXT STEP

I question the wisdom of trying to develop legislation in such a rush when Congress is very likely not going to act on the bill until January or February. I would suggest the following course of action:

- 5 -

- Direct Stu to move on getting the new domestic policy process management system established.
- Ask for a plan from the White House Personnel Committee to reduce the policy staff to whatever level you think is appropriate.
- If you intend to move on developing a centralized administrative support unit, ask that a detailed implementation plan be developed.
- Ask the study team to reexamine what can be transferred out of OMB.
- Ask that Executive Orders be drafted to make as many of the changes as possible.
- Delay drafting the legislation until September or October so you will have time to evaluate the impact of the changes you have made by Executive Order.

DETERMINED TO BE AN ADMINISTRATIVE

MADE BY B/B DATE 12-13 57-

THE WHITE HOUSE

PERSONAL AND
~~CONFIDENTIAL~~

WASHINGTON

July 9, 1977

TO: PRESIDENT CARTER

FROM: HAMILTON JORDAN AND BOB LIPSHUTZ

SUBJECT: WHITE HOUSE STAFF

Following is a set of options available for the entire White House staff. At the present time the WH Staff is authorized for 485 positions, which is approximately 30% of the 1665 positions authorized for the entire Executive Office of the President.

One of the options below would reduce the White House staff by 30%. It should be noted that this proportionate reduction is substantially greater than the reduction contemplated for other units of the EOP which will remain in the EOP.

The senior WH staff has agreed substantially with the personnel cuts which would be required to meet this objective of a 30% cut. However, many of the members of the senior staff feel that their functions will be seriously hampered without some slight increase over these figures. We have discussed this matter with most of the affected persons and believe that these concerns can be alleviated if we agree to reduce the WH staff by 27 (26.8%) rather than by the full 30%. The variations are reflected in the options on the chart attached.

We also show an option which would contemplate a 25% cut in the WH staff, leaving 9 possible additions at some future date for presently unassigned positions. And, finally, we have reflected a similar option which contemplates only a 20% cut, again reflecting the adjusted personnel assignments and a reserve of 33 unassigned positions.

- 2 -

We recommend that you approve Option #3 on the chart, which would enable you to show a 25% cut in the White House staff from the staff of President Ford.

ATTACHMENT: CHART of Options

General Comments:

Approximately 1/3 of the reduction of positions on the White House staff will be accomplished by moving functions and personnel into the EOP's new central administrative unit. Substantially all of the reductions in OMB personnel will be accomplished in the same manner. The National Security Council and Domestic Council will have smaller personnel reductions than the White House staff. Other reductions in positions in the EOP for the most part are represented by terminating units (such as PFIAB, CIEP, OTP) and by moving functions and positions into other Government departments and agencies (such as CEQ and COWPS).

As shown on page 10 of the June 29 recommendation memorandum from OMB, if Option II were adopted with no changes whatsoever, the total EOP personnel would be reduced from 1665 to 1413, or approximately 20%.

The areas in which your decisions are particularly needed, that affect this total reduction, are CEQ, COWPS and the White House staff.

OFFICE: Authorized		OPTION 1	OPTION 2	OPTION 3	OPTION 4
# at present		30% cut	27% cut	25% cut	20% cut
IOB	1	0	1	1	1
Bourne	1 (Drug Abuse)	0	1	1	1
Hutcheson	3 (Staff Secretary)	3	3	3	3
Brzezinski	* 2	2	2	2	2
Carter	2 (Administration)	2	2	2	2
Aragon	2	2	2	2	2
Mitchell	2	2	2	2	2
Schneiders	2	2	2	2	2
Pettigrew	2	2	2	2	2
*does not include NSC of approximately 103)					
SUBTOTALS:	213	175	190	190	190

OFFICE:	Authorized # at present	OPTION 1 30% Cut	OPTION 2 27% cut	OPTION 3 25% cut	OPTION 4 20% cut
Lipshutz	11	10	10	10	10
Powell	48	44	46	46	46
Eizenstat	* 10	5	7	7	7
Jordan	11	9	10	10	10
Watson	12	10	11	11	11
Moore	26	19	21	21	21
Costanza	15	12	13	13	13
Kraft	22	19	20	20	20
First Lady	23	20	21	21	21
King (PPO)	18	12	14	14	14

* does not include Domestic Council of approximately 34)
(continued)

OFFICE: Authorized # at present	OPTION 1 30% cut	OPTION 2 27% cut	OPTION 3 25% cut	OPTION 4 20% cut
------------------------------------	---------------------	---------------------	---------------------	---------------------

Subtotals
of staff
from previous
page

213	175	190	190	190
-----	-----	-----	-----	-----

WH Oper-
ations
Staff

268	165	165	165	165
-----	-----	-----	-----	-----

Unassigned
positions

0	0	0	9	33
---	---	---	---	----

TOTAL

WH STAFF 481	340	355	364	388
(+ Schlesinger & Harden = 485)				

(TOTAL FORD WH STAFF - 485)

PRESIDENT'S
REORGANIZATION
PROJECT

WASHINGTON, D.C. 20503

October 19, 1977

MEMORANDUM

TO: Hamilton Jordan

FROM: A. D. Frazier, Jr. x5860

SUBJECT: Staff Coordination in the White House

You asked me for my opinion on the desirability of President Carter's appointing someone "chief of staff".

I understand the fact that this issue has taken on more than simply organizational significance. To do this could appear to violate earlier statements of the President and others that he does not wish to have any one standing between him and agency heads or Cabinet officers. It would also appear to violate the "spokes of the wheel" notion concerning Presidential aides.

We were aware of Mr. Carter's feelings about a "chief of staff" function when we did the EOP study. We concluded, and I still believe, that the President can operate without a person being so designated. But, he will continue to find it difficult to operate without some management system that ensures that his office is functioning smoothly. It was our opinion that his chances for success would be improved if the policy management system and other recommendations of our study were adopted and implemented. By limiting the functions of other EOP offices, we tried to tie these units more closely to the President's agenda, and thereby insure he received the full benefit of their efforts. A central administrative support unit was to provide a continuing base for other operations, management information and fiscal control. Together, the changes we recommended would give the President the potential for a support staff better than any of his predecessors had.

The question is: could the President be helped even more by placing someone in the White House Staff in a formal leadership role, to generally coordinate the work of other staff members and to provide the "glue" that would bind all of the other changes together into a cohesive operation?

In my opinion, designating someone as chief of staff or better, as staff coordinator would be most helpful to the President, generally for the following reasons:

1. The Image

The public and various constituent groups are forming an impression of the Carter Presidency. This impression is based not only on what position he takes on the issues, but also on how well he is perceived to be going about his tasks. Has he mastered the intricacies of dealing with the Congress? Is his Administration working together as a well-coordinated unit or are they making procedural mistakes? Can "those Georgians" run the Government?

There will be enough fighting on the substantive issues without giving the opposition the cheap shots ("incompetence," "lack of organization," "lack of direction," etc.) as well. As long as the White House staff lacks the day-to-day coordination and guidance, this cheap shot will be open to those who wish to take it.

2. Gaps vs. Double Coverage

In our decision analysis report, we noted that in some cases there was little "value added" by several layers of review undertaken on the same issue; while on the other hand, there were sometimes gaps in information reaching the President for a decision. We made some recommendations for dealing with these problems.

I believe the President has grouped around himself a very bright, hard-working and dedicated staff. But each of these aides is focusing on his or her piece of the President's attention.

On the one hand, the responsibilities of one aide appear to overlap with those of another, creating fuzzy jurisdictional parameters. And, as long as this fuzziness persists, there will be uneasiness at the "borders" and wasted time clarifying roles, or worse, duplicating effort. A competitive environment is created which may well serve those who are perceived winners. But rarely is this to the advantage of the President, who must put up with the howls of the losers as well.

On the other hand, I have observed in some cases an almost studied unwillingness on the part of any of the senior aides to assert himself into the domain of any other senior aide, with the result that some points of view may fall between the cracks as time pressure for a decision on an issue mounts.

Both of these courses of action are bad enough standing alone. But, the uncertainty is multiplied when misread as signals by others in the Executive Branch. Without an effective forum for dealing with disputes and an orderly process for prioritizing issues and allocating resources,

the potential for competitive staff work or missed opportunities will remain. The subject matter of an issue will change from time to time, but the procedural problems will not diminish.

3. Getting the broadest possible input into Presidential Decision-making

The President is absolutely right in his stated desire to get the broadest possible input - particularly competing points of view - before making a decision. That notion is welcomed, in my opinion, by the appointed officials and bureaucrats in the departments and agencies. Neither the President nor the public is well served by anyone arbitrarily limiting the President's choices.

But this fairness and openness can best be achieved, in my opinion, by having a well-organized senior support staff in the White House whose own work is coordinated to insure that the President hears from all affected parties before making a decision.

Without someone auditing the White House structure to see that staff units are fulfilling this facilitative role for the rest of the Government and the public, it will be difficult for the President to be sure that this fairness or balance of conflicting points of view is coming to pass.

4. Priorities

I recall how our team reacted to the President's approving notations on the memos we prepared on reorganization. We charged off well assured that there was no more important Presidential initiative than ours.

Multiply that feeling by twenty or fifty or more, and the President may well have a huge number of "independent contractors" churning out all sorts of "priority" initiatives in the President's name, and sending conflicting signals, thereby, to the rest of the Government and to the public.

This kind of problem, in my opinion, gets more acute in the Executive Branch the further one gets from the White House. The benefits of interagency cooperation probably are perceived as slim by an official who, on a rare visit to the Oval Office, just had his particular department's point of view "affirmed" by the President.

Few individuals see the President as consistently and frequently as the senior staff. These staff members are uniquely able to assist the line agencies and departments in prioritizing parochial objectives or organizing to work together on issues which cut across department or agency lines. But this requires a solid understanding of the President's priorities, and internal coordination among the White House staff, itself. And this internal coordination, in turn, requires management attention and oversight on the part of someone within that staff.

5. Making the Policy Decision vs. Undertaking the follow-up to see it through

In our study we witnessed a keen interest on most everyone's part in making the policy decision. An incredible and possibly disproportionate amount of time is spent analyzing which choices are to be presented to the President relative to the amount of time analyzing and managing the mechanics of decision implementation - either through legislation or bureaucratic action. It also appears that relatively little time is spent analyzing the priority of one issue over any other in terms of the investment of Presidential capital it will take to succeed.

Someone with a balanced understanding of the issues should be available to help force consideration of all of these factors before the President is presented with a decision; and, once that decision is made, to orchestrate the resources necessary to successfully complete the handling of it.

The Role of Staff Coordinator

The President, of course, has the overall responsibility for managing the White House and EOP organization. But, he could be assisted in this by having someone to whom is delegated the day-to-day coordinating responsibility and authority. Considering the relationship between Mr. Carter and the senior White House staff, I am quite sure the staff coordinator's role would not be allowed to become overbearing.

The executive committee recommended in our decision analysis report could serve as a good point of departure for the activities of the staff coordinator. In this forum, priorities could be set, disputes resolved, strategy mapped, and accountability for follow-up and compliance assigned. Considerable give and take among the participants can take place here, with the staff coordinator serving as moderator.

The following general responsibilities might be usefully delegated:

1. Responsibility for coordinating the activities of the White House staff, with particular emphasis on integrating the work of the Domestic and National Security staffs.
2. Responsibility for preparing the President's plan for dealing with issues (selection, timing, priority, allocation of resources, etc.)
3. Responsibility for follow-up to see that the President's decisions are implemented.
4. Responsibility for insuring broad political input into the decisionmaking process.
5. Responsibility for screening personnel for potential Presidential appointments and for seeing that political fences are well mended.
6. Responsibility for insuring that the President gets the best and most broadly based substantive information on each decision he must make.
7. Responsibility for resolving differences of opinion among White House staff units.
8. Responsibility for auditing the performance of White House staff units.

The role of staff coordinator in the Carter White House is not the mold of individuals who have occupied such positions in other Administrations. The incumbent should not serve to isolate the President and interject his own views, prejudices and dislikes into the communications process. Rather the job requires a special blend of leadership and the ability to be a facilitator for those others who support the President. It requires that the incumbent enforce the necessity of maintaining open lines of communication to the President. It requires that he see as his primary role that of helping others succeed in serving the President and the Country.