

**The original documents are located in Box 12, folder “Papers Relating to the President's Departmental Reorganization Program” of the Norman Ross Files, 1974-75
at the Gerald R. Ford Presidential Library.**

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Norman E. Ross, Jr. donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

THE PRESIDENT'S DEPARTMENTAL REORGANIZATION PROGRAM

PAPERS RELATING TO
THE
PRESIDENT'S DEPARTMENTAL
REORGANIZATION PROGRAM
A Reference Compilation



*Revised
February 1972*

From the President's

STATE OF THE UNION MESSAGE

Overhauling the Machinery of Government: Executive Reorganization

As we work to make State and local government more responsive—and more responsible—let us also seek these same goals at the Federal level. I again urge the Congress to enact my proposals for reorganizing the executive branch of the Federal Government. Here again, support from the general public—as well as from those who have served in the executive branch under several Presidents—has been most encouraging.

How the government is put together often determines how well the government can do its job. Our Founding Fathers understood this fact—and thus gave detailed attention to the most precise structural questions. Since that time, however, and especially in recent decades, new responsibilities and new constituencies have caused the structure they established to expand enormously—and in a piecemeal and haphazard fashion.

As a result, our Federal Government today is too often a sluggish and unresponsive institution, unable to deliver a dollar's worth of service for a dollar's worth of taxes.

My answer to this problem is to streamline the executive branch by reducing the overall number of executive departments and by creating four new departments in which existing responsibilities would be refocused in a coherent and comprehensive way. The rationale which I have advanced calls for organizing these new departments around the major purposes of the Government—by creating a Department of Natural Resources, a Department of Human Resources, a Department of Community Development, and a Department of Economic Affairs. I have revised my original plan so that we would not eliminate the Department of Agriculture but rather restructure that Department so it can focus more effectively on the needs of farmers.

The Congress has recently reorganized its own operations, and the Chief Justice of the United States has led a major effort to reform and restructure the judicial branch. The impulse for reorganization is strong and the need for reorganization is clear. I hope the Congress will not let this opportunity for sweeping reform of the executive branch slip away.

RICHARD M. NIXON:

JANUARY 20, 1972.

(1)



CONTENTS

	Page
INTRODUCTION.....	IX
PART I. PRESIDENT'S MESSAGE TO CONGRESS.....	1
PART II. GENERAL DEPARTMENTAL INFORMATION	
Executive Departments Under President's Departmental Reorganization Program (Chart).....	25
Components of the New Departments (Chart).....	26
Approximate Sizes of Departments (Chart).....	28
Programs and Related Resources Affected by the Re- organization.....	29
Comparison of President's Reorganization Proposals With Those of the Ash Council.....	36
PART III. DEPARTMENT OF COMMUNITY DEVEL- OPMENT	
Report and Review.....	45
A. Introduction	
1. President's Reorganization Plan.....	45
2. Concept of the Department of Community Development.....	46
3. Background of the Proposals.....	47
4. Problems With Existing Organization.....	48
B. Organization and Program Substance.....	49
C. Objectives and Functions of the Department	
1. General Objectives.....	50
2. Major Functions.....	50
3. Advantages of Creating a New Depart- ment.....	52
4. Programs of the New Department.....	53
D. Management and Organization of the Department	
1. Basic Management Structure.....	55
a. The Secretary.....	55
b. The Deputy Secretary.....	56
c. The Under Secretaries.....	56
d. Assistant Secretaries.....	59
e. Program Administrators.....	59

(III)

PART III. DEPARTMENT OF COMMUNITY DEVELOPMENT—Continued

Report and Review—Continued

D. Management and Organization of the Department—Continued

2. Field Organization	Page
a. Regional Organization	62
b. Subregional Organization	63
c. Advantages of the Proposed Field Organization	66
3. Selected Management Concepts	66
4. Appropriation Structure	69
5. Coordination With Other Departments	70
6. Impact of Revenue Sharing	71

E. Budget and Manpower Data	72
-----------------------------	----

F. Safeguards for Federal Personnel	72
-------------------------------------	----

Summary of Revisions	75
----------------------	----

Reorganization Bill	79
---------------------	----

Section-by-Section Analysis	96
-----------------------------	----

PART IV. DEPARTMENT OF NATURAL RESOURCES

Report and Review

A. Introduction

1. President's Reorganization Plan	111
2. Concept for the Department of Natural Resources	112
3. Prior Reorganization Studies and Recommendations	115
4. Problems With Existing Organizations	116
5. Policy of Minimum Change Consistent With Departmental Goals	119

B. Objectives and Benefits of the New Department

1. Objectives of the Proposed Department	119
2. Expected Benefits and Improvements	120

C. Organization of the Proposed Department

1. Organization Structure	122
a. Land and Recreation Resources Administration	123
b. Water Resources Administration	126
c. Energy and Mineral Resources Administration	129
d. Oceanic, Atmospheric, and Earth Sciences Administration	131
e. Indian and Territorial Affairs Administration	133
2. Budget and Manpower Summary	133

PART IV. DEPARTMENT OF NATURAL RESOURCES—Continued

Report and Review—Continued

C. Organization of the Proposed Department—Cont.

3. Field Organization	Page
a. Regional Directors	134
b. Regional Administrators	136
c. Regional Boundaries	136

D. Management of the New Department

1. Perspective	137
2. Clarity of Purpose	137
3. Key Officials	138
a. The Secretary	138
b. The Deputy Secretary	138
c. Under Secretaries	138
d. Assistant Secretary for Research and Development	138
e. Administrators	138
4. Adequate Authority	138
5. Adequate Staff	139
6. Appropriation Structure	140

E. Related Considerations

1. Relationship to State and Local Governments, the Public, and Other Federal Agencies	141
2. Relationship to Revenue Sharing Proposals	142
3. Safeguards for Federal Personnel	143

Summary of Revisions	145
----------------------	-----

Reorganization Bill	147
---------------------	-----

Section-by-Section Analysis	166
-----------------------------	-----

PART V. DEPARTMENT OF HUMAN RESOURCES

Report and Review

A. Introduction

1. President's Reorganization Plan	189
2. Proposed New Department of Human Resources	190
3. Mission of the New Department	191

B. Rationale for the New Department

1. Problems With Present Organization	191
2. Recent Reorganization Studies of Human Resources Programs	194
3. Scope and Benefits	195

C. Organization and Management of the Department of Human Resources

1. Overview	198
2. Office of the Secretary	200
3. Regional Offices	202
4. Administrations	203

PART V. DEPARTMENT OF HUMAN RESOURCES—

Continued

Report and Review—Continued

D. Budget, Administrative, and Technical Provisions	Page
1. Budget and Manpower	206
2. Appropriation Structure	208
3. Safeguards for Federal Personnel	209
4. Program Continuity	209

Summary of Revisions	211
----------------------	-----

Reorganization Bill	213
---------------------	-----

Section-by-Section Analysis	231
-----------------------------	-----

PART VI. DEPARTMENT OF ECONOMIC AFFAIRS

Report and Review	245
-------------------	-----

A. Introduction

1. President's Reorganization Plan	245
2. Concept of the Department of Economic Affairs	246
3. Prior Reorganization Studies	247
4. Weaknesses in Existing Organizational Arrangements	247

B. Rationale for the New Department

1. Historical Perspective	251
2. Integrated Approach to Economic Growth	253
3. Basic Program Objectives	254
4. Major Department Functions	254
5. Programs of the New Department	255
6. Expected Benefits and Improvements	256

C. Organization and Management of the Department

1. Managerial Scope and Requirements	258
2. The Departmental Management System	258
a. The Secretary	258
b. The Deputy Secretary	259
c. Top Management Team	259
d. Field/Headquarters Relationships	263
3. Primary Groupings of Programs	263
4. Regional Structure and System	268
5. Organization/Appropriation Structure Relationships	272
6. Principal Administrative Improvements	273

D. Budget and Manpower Data	274
-----------------------------	-----

E. Related Considerations	276
---------------------------	-----

1. Policy of Minimum Transition Charge	276
2. Continuity of Structure	276
3. Relationship to Revenue Sharing Proposals	276
4. Employee Safeguards	277

PART VI. DEPARTMENT OF ECONOMIC AFFAIRS—

Continued

Summary of Revisions	Page
Reorganization Bill	279
Section-by-Section Analysis	281
	301

INTRODUCTION

The March 25, 1974, Executive Order by the President to create the Department of Economic Affairs was a landmark event in the history of the Federal Government. It was the first time since the creation of the Federal Reserve Board in 1913 that a new department was created by Executive Order. The President's Reorganization Plan No. 1 of 1974, which was approved by the House of Representatives on May 1, 1974, and by the Senate on May 15, 1974, provided for the creation of the Department of Economic Affairs. The President's Reorganization Plan No. 1 of 1974, which was approved by the House of Representatives on May 1, 1974, and by the Senate on May 15, 1974, provided for the creation of the Department of Economic Affairs. The President's Reorganization Plan No. 1 of 1974, which was approved by the House of Representatives on May 1, 1974, and by the Senate on May 15, 1974, provided for the creation of the Department of Economic Affairs.

The President's Reorganization Plan No. 1 of 1974, which was approved by the House of Representatives on May 1, 1974, and by the Senate on May 15, 1974, provided for the creation of the Department of Economic Affairs. The President's Reorganization Plan No. 1 of 1974, which was approved by the House of Representatives on May 1, 1974, and by the Senate on May 15, 1974, provided for the creation of the Department of Economic Affairs. The President's Reorganization Plan No. 1 of 1974, which was approved by the House of Representatives on May 1, 1974, and by the Senate on May 15, 1974, provided for the creation of the Department of Economic Affairs.

The President's Reorganization Plan No. 1 of 1974, which was approved by the House of Representatives on May 1, 1974, and by the Senate on May 15, 1974, provided for the creation of the Department of Economic Affairs. The President's Reorganization Plan No. 1 of 1974, which was approved by the House of Representatives on May 1, 1974, and by the Senate on May 15, 1974, provided for the creation of the Department of Economic Affairs. The President's Reorganization Plan No. 1 of 1974, which was approved by the House of Representatives on May 1, 1974, and by the Senate on May 15, 1974, provided for the creation of the Department of Economic Affairs.

SUMMARY OF EVENTS

January 1974–February 1974

The President's Reorganization Plan No. 1 of 1974, which was approved by the House of Representatives on May 1, 1974, and by the Senate on May 15, 1974, provided for the creation of the Department of Economic Affairs. The President's Reorganization Plan No. 1 of 1974, which was approved by the House of Representatives on May 1, 1974, and by the Senate on May 15, 1974, provided for the creation of the Department of Economic Affairs. The President's Reorganization Plan No. 1 of 1974, which was approved by the House of Representatives on May 1, 1974, and by the Senate on May 15, 1974, provided for the creation of the Department of Economic Affairs.

The President's Reorganization Plan No. 1 of 1974, which was approved by the House of Representatives on May 1, 1974, and by the Senate on May 15, 1974, provided for the creation of the Department of Economic Affairs. The President's Reorganization Plan No. 1 of 1974, which was approved by the House of Representatives on May 1, 1974, and by the Senate on May 15, 1974, provided for the creation of the Department of Economic Affairs. The President's Reorganization Plan No. 1 of 1974, which was approved by the House of Representatives on May 1, 1974, and by the Senate on May 15, 1974, provided for the creation of the Department of Economic Affairs.

INTRODUCTION

On March 25, 1971, the President transmitted to the Congress his plan for the reorganization of seven executive departments and several independent agencies and for the grouping of most Federal domestic programs under four new departments concerned, respectively, with Community Development, Natural Resources, Human Resources, and Economic Affairs. On the same day, the Administration placed before the Congress drafts of reorganization bills to establish the new departments as well as documents explaining the President's reorganization program and the principal features of the new departments.

Since that time, the President's Departmental Reorganization Program has undergone extensive consideration by the Congress and the Administration has continued to improve and perfect the reorganization proposals.

This edition of the Reference Compilation assembles in one volume the major reorganization documents and related papers as they have been revised by the Administration to reflect Presidential decisions made subsequent to March 1971, to incorporate changes arising out of Congressional hearings, and to indicate technical corrections and improvements developed by the Administration over the past year.

SUMMARY OF EVENTS

January 1971-February 1972

The President in his State of the Union Message on January 22, 1971, announced his intention to propose legislation consolidating the domestic executive departments and a number of independent agencies into four new major purpose departments. The past year has witnessed encouraging progress on the legislative front, and the departmental reform proposals remain very much alive.

There are a number of reasons why progress has been made in advancing executive branch reorganization. An important factor has been the strong personal interest of the President, who has repeatedly emphasized that restructuring the executive departments is one of the highest priorities of his Administration. This Presidential concern has been evinced in public statements, in letters to members of Congress, and in meetings with committee chairmen. It has also been reflected in the intensive effort which has taken place within the executive

branch to convert the statement of intentions appearing in the State of the Union Message of January 1971, into the detailed plans and drafts of legislation transmitted to the Congress on March 25, 1971.

Another encouraging factor has been the interest taken by the congressional Committees on Government Operations, to which the bills were referred. These committees have conducted many days of hearings on the reorganization program. During 1971, there was a total of 13 days of hearings in the Government Operations Committees of the House and Senate to receive testimony on the overall objectives and common features of the departmental bills. Through February 1972, an additional 13 days of hearings, mainly in the House, have been devoted specifically to the Department of Community Development. The Senate has also held a brief hearing on the Department of Natural Resources.

Also encouraging has been the amount of support which the reorganization program has received from witnesses appearing before the committees. Virtually all who testified on the general merits of the reorganization program, including prominent officials of prior Administrations, have supported the basic features and objectives of the reorganization. The Congress is now in an excellent position to move ahead with the Community Development and Natural Resources bills during the remainder of the Second Session of the Ninety-Second Congress.

Throughout 1971, work continued within the Administration to improve and perfect the departmental bills and the plans for the organization and management of the new departments. Four interagency task forces were established to prepare for hearings and to develop detailed departmental plans. Their studies have made it possible to provide the Congress with unprecedented information on how the new departments will really work.

Recently, in his State of the Union Address, presented to the Congress on January 20, 1972, the President reaffirmed his belief that the reorganization proposals are "essential if our structure of Government is to be adequate to the needs of the decades ahead."

A few days later, in his budget message for fiscal year 1973, the President again urged the early enactment of his reorganization proposals, stating that "they are vital elements of my strategy to narrow the gap between what the Federal Government promises and what it delivers."

THE MAJOR REVISIONS IN THE REORGANIZATION PROGRAM

The overview hearings in the spring and summer of 1971, the subsequent hearings on the Department of Community Development,

and the continued work of the departmental task forces identified the need for various amendments to the original bills.

Department of Agriculture.—Only one change having major impact on the original reorganization program has occurred since its submission to Congress. In November 1971, the President announced that there would continue to be a separate, streamlined Department of Agriculture, but that it would be relieved of peripheral functions relating more closely to the missions of DCD, DHR and DNR. The new Department of Agriculture will be largely concerned with direct assistance to the farmers as producers of food and fiber and with the marketing of their products. Thus, only the functions of the proposed Department of Economic Affairs were affected by this decision.

The continuing Department of Agriculture would have approximately 28,000 employees and annual expenditures of \$5.2 billion. This is in contrast with the Department's present total of 85,600 employees and annual outlays of \$8.7 billion.

By taking this action, the President hoped to reassure the farmers of the continued interest of the Government in their needs and problems and to enlist the support of farm groups for the placement of peripheral functions in the other departments. This approach should have the further advantage of helping the Department of Agriculture over the longrun to focus attention on a central mission of serving the farmer.

Appalachian Regional Commission.—The DCD bill has been amended so as to virtually preserve the present status of the Commission and of the Federal cochairman. This change takes into account the congressional action to continue the Commission, which was due to expire in 1971, for 4 additional years.

Title V Regional Planning Commissions.—For the same reason cited for the Appalachian Regional Commission, the DCD bill has been amended so that only the functions now vested in the Secretary of Commerce with regard to these commissions will be transferred to the Secretary of Community Development. The positions of Federal cochairman will remain unchanged as the result of this amendment.

Highway Traffic Safety Functions.—The DCD and DEA bills have been amended to keep together vehicle-oriented and driver-oriented highway and motor vehicle safety programs in the same department, namely DEA. The original bills would have required splitting the present National Highway Traffic Safety Administration of the Department of Transportation, thereby creating serious problems of interdepartmental coordination of the kind the reorganization is designed to correct.

These and other revisions in the reorganization proposals are clearly detailed in the text of the revised bills and other documents included in the Compilation.

THE REORGANIZATION AND THE ASH COUNCIL

The reorganization is based largely but not exclusively on the recommendations submitted in May and November 1970, to the President by his Advisory Council on Executive Organization. Almost immediately after taking office, President Nixon asked Roy L. Ash, president of Litton Industries, to chair an Advisory Council composed of distinguished men experienced in the administration of large governmental and private enterprises.¹ The Ash Council was asked to make a thoroughgoing review of the organization of the executive branch and to identify the reforms needed to make it a more effective instrument of public policy. After nearly 2 years of study, the Council recommended a complete restructuring of the domestic executive departments around four major purposes of our contemporary government: Community Development, Natural Resources, Human Resources, and Economic Affairs.

The Ash Council's proposals paralleled in many respects the conclusions of other recent groups which have undertaken reviews of executive organization, especially those headed by Don K. Price and Ben Heinemen during President Johnson's Administration.

The President accepted the major recommendations of the Ash Council. In his letter of February 5, 1971, releasing the Council's report, the President stated:

These memoranda are basic to the proposed changes that I outlined in my address on the State of the Union, but they are not the only sources for my proposals. Consequently, there will be differences between the specific legislation which I will recommend to the Congress and the proposals made by the Ash Council. The differences will reflect conclusions I have reached as a result of my own experience in government, as well as proposals for executive reorganization made earlier in this Administration and in previous administrations.

The reorganization includes the Department of Transportation which was not treated in the Ash Council Report. In accordance with the President's judgment that transportation must support other central purposes of government, the Department of Transportation's highway and urban mass transportation functions have been placed in the proposed Department of Community Development. Most of the other programs of the Department of Transportation, specifically including those of the Federal Aviation Administration, the Coast

¹The members of the President's Advisory Council on Executive Organization were Roy L. Ash, (Chairman) president, Litton Industries, Inc.; George P. Baker, trustee, Penn Central Railroad Corp.; John B. Connally, Secretary of the Treasury, and former Governor of Texas; Frederick R. Kappel, former chairman, American Telephone & Telegraph Co.; Richard M. Paget, president, Cresap, McCormick, & Paget, Inc.; and Walter N. Thayer, president, Whitney Communications Corp.

Guard, the National Highway Traffic Safety Administration, the Federal Railroad Administration, and the St. Lawrence Seaway Development Corporation will be administered by the proposed Department of Economic Affairs.

The recommendations of the Ash Council regarding the role of regional directors have also been modified to reflect the needs of the individual departments. Each department will be represented in the field by regional directors concerned with the full range of programs being administered, but the scope of the authority to be vested in these regional officials will vary in response to the specific management circumstances of each department.

Other differences between the Administration's program and the initial Ash Council recommendations are shown in the list included in Part II.

ORGANIZATION OF THIS BOOK

The material in the revised compilation is organized into six parts as follows:

Part I is the President's Message to Congress on March 25, 1971.

Part II contains general background information including: (1) a simplified organization chart showing the four proposed departments and their principal functions; (2) a summary table showing the major program components of the new departments; (3) a summary chart showing approximate sizes of the proposed departments in terms of budget outlays and employment; (4) a tabulation of departmental programs affected by the reorganization with related data on employment and budget outlays; and (5) a comparison of the Ash Council's proposals with those of the President's Departmental Reorganization Program.

Parts III through VI contain the documents transmitted to the Congress calling for the creation of the four new departments and describing their features:

Part III. A *Department of Community Development*, concerned with urban and rural communities, and activities which contribute to the progress of both.

Part IV. A *Department of Natural Resources*, concerned with our physical environment and the preservation and balanced use of the Nation's natural resources.

Part V. A *Department of Human Resources*, concerned with the development and well-being of people as individuals and as members of a family.

Part VI. A *Department of Economic Affairs*, concerned with fostering a healthy national economy to which all sectors contribute and which serves the interests of all Americans.

Each of the above parts contains a descriptive report which explains the objectives of the new department, how it will be organized and managed, and how it will remove the obstacles that have hampered the delivery of effective public services by the present departments and agencies. Each part also contains a summary of the significant revisions made in the reorganization bill since the original transmittal on March 25, 1971; the reorganization bill showing the precise revisions; and a section-by-section analysis explaining the need for each provision and its legal basis.

These documents should facilitate understanding and discussion of the President's Departmental Reorganization Program and should highlight the important issues of Government which are involved. As the President said in his Message of March 25, 1971, the central question of the American experience has been, "How do we best organize our Government to meet the needs of the people?" This Compilation should serve as an important aid in the search for answers to this question.

PART I

THE PRESIDENT'S MESSAGE TO CONGRESS



President's Message

To the Congress of the United States:

When I suggested in my State of the Union Message that "most Americans today are simply fed up with government at all levels," there was some surprise that such a sweeping indictment of government would come from within the government itself. Yet it is precisely there, within the government itself, that frustration with government is often most deeply experienced.

A President and his associates often feel that frustration as they try to fulfill their promises to the people. Legislators feel that frustration as they work to carry out the hopes of their constituents. And dedicated civil servants feel that frustration as they strive to achieve in action the goals which have been established in law.

GOOD MEN AND BAD MECHANISMS

The problem with government is not, by and large, the people in government. It is a popular thing, to be sure, for the public to blame elected officials and for elected officials to blame appointed officials when government fails to perform. There are times when such criticism is clearly justified. But after a quarter century of observing government from a variety of vantage points, I have concluded that the people who work in government are more often the victims than the villains when government breaks down. Their spirit has usually been willing. It is the structure that has been weak.

Good people cannot do good things with bad mechanisms. But bad mechanisms can frustrate, even the noblest aims. That is why so many public servants—of both political parties, of high rank and low, in both the legislative and executive branches—are often disenchanted with government these days. That is also why so many voters feel that the results of elections make remarkably little difference in their lives.

Just as inadequate organization can frustrate good men and women, so it can dissipate good money. At the Federal level alone we have spent some \$1.1 trillion on domestic programs over the last 25 years, but we have not realized a fair return on this investment. The more we spend, the more it seems we need to spend and while our tax bills are getting bigger our problems are getting worse.

No, the major cause of the ineffectiveness of government is not a matter of men or of money. It is principally a matter of machinery.

It will do us little good to change personnel or to provide more resources unless we are willing to undertake a critical review of government's overall design.

Most people do not pay much attention to mechanical questions. What happens under the hood of their automobile, for example, is something they leave to the specialists at the garage. What they do care about, however, is how well the automobile performs. Similarly, most people are willing to leave the mechanical questions of government organization to those who have specialized in that subject—and to their elected leaders. But they do care very deeply about how well the government performs.

At this moment in our history, most Americans have concluded that government is not performing well. It promises much, but it does not deliver what it promises. The great danger, in my judgment, is that this momentary disillusionment with government will turn into a more profound and lasting loss of faith.

We must fight that danger. We must restore the confidence of the people in the capacities of their government. In my view, that obligation now requires us to give more profound and more critical attention to the question of government organization than any single group of American leaders has done since the Constitutional Convention adjourned in Philadelphia in September of 1787. As we strive to bring about a new American Revolution, we must recognize that central truth which those who led the original American Revolution so clearly understood: often it is *how* the government is put together that determines how *well* the government can do its job.

This is not a partisan matter, for there is no Republican way and no Democratic way to reorganize the government. This is not a matter for dogmatic dispute, for there is no single, ideal blueprint which will immediately bring good order to Federal affairs. Nor is this a matter to be dealt with once and then forgotten. For it is important that our political institutions remain constantly responsive to changing times and changing problems.

RENEWED INTEREST IN COMPREHENSIVE REFORM

The last 2 years have been a time of renewed interest in the question of how government is organized. The Congress has instituted a number of reforms in its own procedures and is considering others. Judicial reform—at all levels of government—has also become a matter of intense concern. The relationship between various levels of government has attracted increased attention—and so, of course, has the subject of executive reform.

This administration, with the counsel and the cooperation of the Congress, has taken a number of steps to reorganize the executive branch of the Federal Government. We have set up a new Domestic Council and a new Office of Management and Budget in the Executive Office of the President. We have created a new Environmental Protection Agency and a new United States Postal Service. We have worked to rationalize the internal structure of Federal departments and agencies.

All of these and other changes have been important, but none has been comprehensive. And now we face a fundamental choice. We can continue to tinker with the machinery and to make constructive changes here and there—each of them bringing some marginal improvement in the government's capacities. Or we can step back, take a careful look, and then make a concerted and sustained effort to reorganize the executive branch according to a coherent, comprehensive view of what the Federal Government of this Nation *ought* to look like in the last third of the twentieth century.

The impulse for comprehensive reorganization has been felt before in recent decades. In fact, the recommendations I am making today stem from a long series of studies which have been made under several administrations over many years. From the report of the President's Committee on Administrative Management (the Brownlow Committee) in 1937, down through the findings of the Commission on Organization of the Executive Branch of the Government (the Hoover Commission) in 1949, the President's Task Force on Government Organization in 1964, and my own Advisory Council on Executive Organization during the last 2 years, the principles which I am advancing today have been endorsed by a great number of distinguished students of government and management from many backgrounds and from both political parties.

I hope the Congress will now join me in concluding, with these authorities, that we should travel the course of comprehensive reform. For only if we travel that course, and travel it successfully, will we be able to answer affirmatively in our time the fundamental question posed by Alexander Hamilton as the Constitution was being debated in 1788: "whether societies of men are really capable or not of establishing good government from reflection and choice * * *."

THE FRAGMENTATION OF FEDERAL RESPONSIBILITY

As we reflect on organizational problems in the Federal Government today, one seems to stand out above all others: the fact that the capacity to *do* things—the power to achieve goals and to solve problems—is exceedingly fragmented and broadly scattered throughout the Federal

establishment. In addressing almost any of the great challenges of our time the Federal Government finds itself speaking through a wide variety of offices and bureaus, departments and agencies. Often these units trip over one another as they move to meet a common problem. Sometimes they step on one another's toes. Frequently, they behave like a series of fragmented fiefdoms—unable to focus Federal resources or energies in a way which produces any concentrated impact.

Consider these facts:

Nine different Federal departments and 20 independent agencies are now involved in education matters. Seven departments and eight independent agencies are involved in health. In many major cities, there are at least 20 or 30 separate manpower programs, funded by a variety of Federal offices. Three departments help develop our water resources and four agencies in two departments are involved in the management of public lands. Federal recreation areas are administered by six different agencies in three departments of the government. Seven agencies provide assistance for water and sewer systems. Six departments of the government collect similar economic information—often from the same sources—and at least seven departments are concerned with international trade. While we cannot eliminate all of this diffusion we can do a great deal to bring similar functions under common commands.

It is important that we move boldly to consolidate the major activities of the Government. The programmatic jumble has already reached the point where it is virtually impossible to obtain an accurate count of just how many Federal grant programs exist. Some estimates go as high as 1,500. Despite impressive attempts by individual legislators and by the Office of Economic Opportunity, there is still no agreement on a comprehensive list. Again and again I hear of local officials who are unable to determine how many Federal programs serve their areas or how much Federal money is coming into their communities. One reason is that the assistance comes from such a wide variety of Federal sources.

THE CONSEQUENCES OF SCATTERED RESPONSIBILITY

What are the consequences of this scattering of Federal responsibility? There are many.

In the first place, the diffusion of responsibility makes it extremely difficult to launch a coordinated attack on complex problems. It is as if the various units of an attacking army were operating under a variety of highly independent commands. When one part of the answer to a problem lies in one department and other parts lie in other

departments, it is often impossible to bring the various parts together in a unified campaign to achieve a common goal.

Even our basic analysis of public needs often suffers from a piecemeal approach. Problems are defined so that they will fit within established jurisdictions and bureaucratic conventions. And the results of government action are typically measured by the degree of activity within each program rather than by the overall impact of related activities on the outside world.

The role of a given department in the policy making process can be fundamentally compromised by the way its mission is defined. The narrower the mission, the more likely it is that the department will see itself as an advocate within the administration for a special point of view. When any department or agency begins to represent a parochial interest, then its advice and support inevitably become less useful to the man who must serve *all* of the people as their President.

Even when departments make a concerted effort to broaden their perspectives, they often find it impossible to develop a comprehensive strategy for meeting public needs. Not even the best planners can set intelligent spending priorities, for example, unless they have an opportunity to consider the full array of alternative expenditures. But if one part of the problem is studied in one department and another part of the problem is studied elsewhere, who decides which element is more important? If one office considers one set of solutions and a separate agency investigates another set of solutions, who can compare the results? Too often, no official below the very highest levels of the Government has access to enough information to make such comparisons wisely. The result is that the Government often fails to make a rational distribution of its resources among a number of program alternatives.

Divided responsibility can also mean that some problems slip between the cracks and disappear from the Government's view. Everybody's business becomes nobody's business and embarrassing gaps appear which no agency attempts to fill. At other times, various Federal authorities act as rivals, competing with one another for the same piece of "turf."

Sometimes one agency will actually duplicate the work of another; for instance, the same locality may receive two or more grants for the same project. On other occasions, Federal offices will actually find themselves working at cross purposes with one another; one agency will try to preserve a swamp, for example, while another is seeking to drain it. In an effort to minimize such problems, government officials must spend enormous amounts of time and energy negotiating with one another that should be directed toward meeting people's needs. And even when they are able to work out their differences, officials often

reach compromise solutions which merely represent the lowest common denominator of their original positions. Bold and original ideas are thus sacrificed in the quest for intra-governmental harmony.

Scattered responsibility also contributes to the overcentralization of public decisionmaking. Because competing offices are often in different chains of command, it is frequently impossible for them to resolve their differences except by referring them to higher authorities, a process which can mean interminable delays. In an attempt to provide a means for resolving such differences and for providing needed coordination, an entire new layer of bureaucracy has emerged at the *interagency* level. Last year, the Office of Management and Budget counted some 850 interagency committees. Even so, there are still many occasions when only the White House itself can resolve such inter-jurisdictional disputes. Too many questions thus surface at the Presidential level that should be resolved at levels of Government closer to the scene of the action.

Inefficient organization at the Federal level also undermines the effectiveness of State and local governments. Mayors and Governors waste countless hours and dollars touching base with a variety of Federal offices—each with its own separate procedures and its own separate policies. Some local officials are so perplexed by the vast array of Federal programs in a given problem area that they miss out on the very ones that would be most helpful to them. Many State and local governments find they must hire expensive specialists to guide them through the jungles of the Federal bureaucracy.

If it is confusing for lower levels of government to deal with this maze of Federal offices, that challenge can be even more bewildering for individual citizens. Whether it is a doctor seeking aid for a new health center, a businessman trying to get advice about selling in foreign markets, or a welfare recipient going from one office to another in order to take full advantage of Federal services, the people whom the Government is supposed to be serving are often forced to weave their way through a perplexing obstacle course as a condition of receiving help.

THE HOBBLING OF ELECTED LEADERSHIP

Perhaps the most significant consequence of scattered responsibility in the executive branch is the hobbling effect it has on elected leadership—and, therefore, on the basic principles of democratic government. In our political system, when the people identify a problem they elect to public office men and women who promise to solve that problem. If these leaders succeed, they can be reelected; if they fail,

they can be replaced. Elections are the people's tool for keeping government responsive to their needs.

This entire system rests on the assumption, however, that elected leaders can make the government respond to the people's mandate. Too often, this assumption is wrong. When lines of responsibility are as tangled and as ambiguous as they are in many policy areas, it is extremely difficult for either the Congress or the President to see that their intentions are carried out.

If the President or the Congress wants to launch a program or change a program or even find out how a program is working, it often becomes necessary to consult with a half dozen or more authorities, each of whom can blame the others when something goes wrong. It is often impossible to delegate to any one official the full responsibility for carrying out a specific mandate, since the machinery for doing that job is divided among various agencies. As a result, there is frequently no single official—even at the Cabinet level—whom the President or the Congress can hold accountable for Government's success or failure in meeting a given need.

No wonder bureaucracy has sometimes been described as "the rule of no one." No wonder the public complains about programs which simply seem to drift. When elected officials cannot hold appointees accountable for the performance of government, then the voters' influence on government's behavior is also weakened.

HOW DID THINGS GET THIS WAY?

The American people clearly pay a very high price for the incapacities of governmental structures—one that is measured in disappointment, frustration and wasted tax dollars. But how did things get this way?

What happened, essentially, was that the organization of Government—like the grant-in-aid programs which I have discussed in my special messages to the Congress concerning revenue sharing—grew up in a haphazard, piecemeal fashion over the years. Whenever Government took on an important new assignment or identified an important new constituency, the chances were pretty good that a new organizational entity would be established to deal with it. Unfortunately, as each new office was set up, little or no attention was given to the question of how it would fit in with the old ones. Thus office was piled upon office in response to developing needs; when new needs arose and still newer units were created, the older structures simply remained in place.

Of the 12 executive departments now in existence, only five can trace their origins to the beginnings of our country. The Depart-

ments of State and Treasury were set up in 1789; so was the War Department—the predecessor of the Department of Defense. The positions of Attorney General and Postmaster General were also established in 1789, though it was not until later that the departments they head were set up in their present form. One of these five units, the Post Office Department, will soon become an independent corporation. But, under my proposals, the other four “original” departments would remain intact. It is the seven newer departments of the Government which would be affected by the changes I recommend.

These seven departments were set up to meet the changing needs of a growing nation, needs which have continued to change over the years. The Department of the Interior, for example, was established in 1849 to deal with newly opened western lands and especially with the Indians who inhabited them. The Department of Agriculture was also added in the 19th century, at a time when the overwhelming majority of our people were directly affected by the tremendous expansion of agricultural enterprise. In the early years of the 20th century, in a time of rapid and unsettling industrial growth, the Department of Commerce and Labor was set up. The Labor Department was split off from it in 1913, in response to feelings that labor was suffering from an imbalance of power and needed additional influence. The three newest departments of the Government—Health, Education, and Welfare, Housing and Urban Development, and Transportation—were all created after World War II. Each represented a first step toward bringing together some of the new Federal offices and agencies which had proliferated so rapidly in recent decades.

ORGANIZING AROUND GOALS

As we look at the present organization of the Federal Government, we find that many of the existing units deal with methods and subjects rather than with purposes and goals. If we have a question about labor we go to the Labor Department and if we have a business problem we go to the Commerce Department. If we are interested in housing we go to one department and if we are interested in highways we go to another.

The problem is that as our society has become more complex, we often find ourselves using a *variety* of *means* to achieve a *single* set of *goals*. We are interested, for example, in economic development—which requires new markets, more productive workers and better transportation systems. But which department do we go to for that? And what if we want to build a new city, with sufficient public facilities, adequate housing, and decent recreation areas—which department do we petition then?

We sometimes seem to have forgotten that government is not in business to deal with subjects on a chart but to achieve real objectives for real human beings. These objectives will never be fully achieved unless we change our old ways of thinking. It is not enough merely to reshuffle departments for the sake of reshuffling them. We must rebuild the executive branch according to a new understanding of how government can best be organized to perform effectively.

The key to that new understanding is the concept that the executive branch of the government should be organized around basic goals. Instead of grouping activities by narrow subjects or by limited constituencies, we should organize them around the great purposes of government in modern society. For only when a department is set up to achieve a given set of purposes, can we effectively hold that department accountable for achieving them. Only when the responsibility for realizing basic objectives is clearly focused in a specific governmental unit, can we reasonably hope that those objectives will be realized.

When government is organized by goals, then we can fairly expect that it will pay more attention to results and less attention to procedures. Then the success of government will at least be clearly linked to the things that happen in society rather than the things that happen in government.

Under the proposals which I am submitting, those in the Federal Government who deal with common or closely related problems would work together in the same organizational framework. Each department would be given a mission broad enough so that it could set comprehensive policy directions and resolve internally the policy conflicts which are most likely to arise. The responsibilities of each department would be defined in a way that minimizes parochialism and enables the President and the Congress to hold specific officials responsible for the achievement of specific goals.

These same organizational principles would also be applied to the *internal* organization of each department. Similar functions would be grouped together within each new entity, making it still easier to delegate authority to lower levels and further enhancing the accountability of subordinate officials. In addition, the proposals I submit today include a number of improvements in the management of Federal programs, so that we can take full advantage of the opportunities afforded us by organizational restructuring.

The administration is today transmitting to the Congress four bills which, if enacted, would replace seven of the present executive departments and several other agencies with four new departments: the Department of Natural Resources, the Department of Community

Development, the Department of Human Resources and the Department of Economic Affairs. A special report and summary—which explain my recommendations in greater detail—have also been prepared for each of the proposed new departments.

THE DEPARTMENT OF NATURAL RESOURCES

One of the most notable developments in public consciousness in recent years has been a growing concern for protecting the environment and a growing awareness of its highly interdependent nature. The science of ecology—the study of the interrelationships between living organisms and their environments—has experienced a sudden rise in popularity. All of us have become far more sensitive to the way in which each element of our natural habitat affects all other elements.

Unfortunately, this understanding is not yet reflected in the way our Government is organized. Various parts of the *interdependent* environment are still under the purview of highly *independent* Federal offices. As a result, Federal land policies, water programs, mineral policies, forestry practices, recreation activities and energy programs cannot be easily coordinated, even though the manner in which each is carried out has a great influence on all the others.

Again and again we encounter intragovernmental conflicts in the environmental area. One department's watershed project, for instance, threatens to slow the flow of water to another department's reclamation project downstream. One agency wants to develop an electric power project on a certain river while other agencies are working to keep the same area wild. Different departments follow different policies for timber production and conservation, for grazing, for fire prevention and for recreational activities on the Federal lands they control, though the lands are often contiguous.

We cannot afford to continue in this manner. The challenges in the natural resource field have become too pressing. Some forecasts say that we will double our usage of energy in the next 10 years, of water in the next 18 years, and of metals in the next 22 years. In fact, it is predicted that the United States will use more energy and more critical resources in the remaining years of this century than in all of our history up until now. Government must perform at its very best if it is to help the Nation meet these challenges.

I propose that a new Department of Natural Resources be created that would bring together the many natural resource responsibilities now scattered throughout the Federal Government. This Department would work to conserve, manage and utilize our resources in a way that would protect the quality of the environment and achieve a true harmony between man and nature. The major activities of the new De-

partment would be organized under its five subdivisions: Land and Recreation Resources, Water Resources, Energy and Minerals Resources, Oceanic, Atmospheric and Earth Sciences, and Indian and Territorial Affairs.

The new Department of Natural Resources would absorb the present Department of the Interior. Other major programs which would be joined to it would include: The Forest Service and the soil and water conservation programs from the Department of Agriculture, planning and funding for the civil functions of the Army Corps of Engineers and for the civilian power functions of the Atomic Energy Commission, the interagency Water Resources Council, the oil and gas pipeline safety functions of the Department of Transportation, and the National Oceanic and Atmospheric Administration from the Department of Commerce. Because of their historical association with the Department of the Interior, the programs of the Bureau of Indian Affairs would be administered by the new Department until such time as an acceptable alternative arrangement could be worked out with Indian leaders and other concerned parties.

THE DEPARTMENT OF COMMUNITY DEVELOPMENT

A restless and highly mobile people, Americans are constantly creating new communities and renewing old ones throughout our land. In an era of rapid change, this process—which once took generations—can now be repeated in just a few years.

At the same time, the process of community development is becoming even more complex, particularly as the problems of urban and rural communities begin to merge. The elements of community life are many and the mark of a cohesive community is the harmonious way in which they interrelate. That is why we hear so much these days about the importance of community planning. And that is why it is essential that Federal aid for community development be designed to meet a wide range of related needs in a highly coordinated manner.

Often this does not happen under the present system. The reason is that the basic community development programs of the Federal Government are presently divided among at least eight separate authorities—including four executive departments and four independent agencies.

A community that seeks development assistance thus finds that it has to search out aid from a variety of Federal agencies. Each agency has its own forms and regulations and timetables—and its own brand of red tape. Each has its own field organizations, often with independent and overlapping boundaries for regions and districts. Sometimes a

local community must consult with Federal offices in three or four different States.

The result is that local leaders often find it virtually impossible to relate Federal assistance programs to their own local development strategies. The mayor of one small town has observed that by the time he finishes dealing with eight Federal planning agencies, he has little time to do anything else.

Occasionally, it must be admitted, a community can reap unexpected benefits from this diffusion of Federal responsibility. The story is told of one small city that applied to six different agencies for help in building a sewage treatment plant and received affirmative responses from all six. If all the grants had been completed, the community would have cleared a handsome profit—but at the Federal taxpayer's expense.

To help correct such problems I propose that the major community development functions of the Federal Government be pulled together into a new Department of Community Development. It would be the overriding purpose of this Department to help build a wholesome and safe community environment for every American. This process would require a comprehensive series of programs which are equal to the demands of growing population and which provide for balanced growth in urban and rural areas. The new Department would operate through three major administrations: A Housing Administration, a Community Transportation Administration and an Urban and Rural Development Administration. A fourth unit, the Federal Insurance Administration, would be set up administratively by the Secretary.

The new Department of Community Development would absorb the present Department of Housing and Urban Development. Other components would include certain elements of the Economic Development Administration and the Regional Commission programs from the Department of Commerce, the independent Appalachian Regional Commission, various Department of Agriculture programs including water and waste disposal grants and loans, the Rural Electrification Administration, and rural housing programs. The Community Action and Special Impact Programs of the Office of Economic Opportunity would be included, as would the Public Library construction grant program from the Department of Health, Education, and Welfare and certain disaster assistance functions now handled by the Office of Emergency Preparedness and the Small Business Administration. Most Federal highway programs and the Urban Mass Transportation Administration would be transferred from the present Department of Transportation.

I would note that while the Department of Transportation is a relatively new entity, it, too, is now organized around methods and

not around purposes. A large part of the Department of Transportation would be moved into the new Department of Economic Affairs—but those functions which particularly support community development would be placed in the Department which is designed to meet that goal.

THE DEPARTMENT OF HUMAN RESOURCES

The price of obsolete organization is evidenced with special force in those Government programs which are directly designed to serve individuals and families. In part this is because there has been so much new legislation in the human resource field in recent decades; the old machinery is simply overstrained by its new challenges. But whatever the reasons, human resource programs comprise one area in which the Government is singularly ill-equipped to deliver adequate results.

I have already commented on the broad dispersion of Federal health and education activities. Similar examples abound. Income support programs, including those which administer food stamps, welfare payments, retirement benefits and other forms of assistance, are scattered among three departments and a number of other agencies. The Department of Agriculture, the Department of Health, Education, and Welfare, and the Office of Economic Opportunity all handle food and nutrition matters. Child care programs, migrant programs, manpower programs, and consumer programs often suffer from similarly divided attention.

In one city, two vocational training centers were built three blocks apart at about the same time and for the same purpose, with money from two different Federal agencies. And for every case of over-attention, there are many more of neglect. Consider the plight of a poor person who must go to one office for welfare assistance, to another for food stamps, to another for financial counseling, to still another for legal aid, to a fifth office for employment assistance, to a sixth place for job training, and to a number of additional offices for various kinds of medical help. The social worker who might guide him through this maze often works in still another location.

Such situations are clearly intolerable, yet the Federal Government—which ought to be working to reform these confused systems—actually is responsible for much of the confusion in the first place.

I believe that we can take a major step toward remedying such problems by establishing a new Department of Human Resources which would unify major Federal efforts to assist the development of individual potential and family well-being. This Department would

be subdivided, in turn, into three major administrations: Health, Human Development, and Income Security.

This new Department would incorporate most of the present Department of Health, Education, and Welfare with the following significant additions: a number of food protection, food distribution and nutrition programs from the Department of Agriculture, the College Housing program from the Department of Housing and Urban Development, the independent Railroad Retirement Board, various programs from the Office of Economic Opportunity (including nutrition, health, family planning, alcoholism, and drug rehabilitation efforts), and the Manpower Administration, the Women's Bureau, the Unemployment Insurance Program and a number of other employment service and training activities from the Department of Labor.

THE DEPARTMENT OF ECONOMIC AFFAIRS

One of the first things most students learn about economics is that the material progress of our civilization has resulted in large measure from a growing division of labor. While a single family or a single community once provided most of its own goods and services, it now specializes in providing only a few, depending increasingly on a far-flung, intricate network of other people and other organizations for its full economic well-being.

The only way the Federal Government can deal effectively with such a highly interdependent economy is by treating a wide range of economic considerations in a comprehensive and coordinated manner. And—as our Gross National Product moves beyond the trillion dollar level and as our productive system, which now accounts for approximately 40 percent of the world's wealth, encounters new challenges from other nations—it is becoming even more important that Federal economic policies be carried out as effectively as possible.

But again, the organization of the Government works against the systematic consideration of economic complexities. The step by step evolution of our Federal machinery has created a series of separate entities—each handling a separate part of the economic puzzle. Some of these entities are relatively autonomous units within departments. Others are independent agencies. But perhaps the most dramatic evidence of our fragmented approach to the economy is the existence of four major executive departments which handle highly interdependent economic matters: Commerce, Labor, Agriculture, and Transportation.

This situation can seriously impair governmental efforts to respond effectively to economic challenges. One department, for example, may be concerned with the raw materials a given industry receives from

the farms, while a second department is concerned with getting these materials to the factory and getting the product to its market. Meanwhile, a third department is concerned with the workers who harvest the crops, run the transportation systems and manufacture the product, while a fourth department is concerned with the businessmen who own the plant where the product is made and the stores where it is merchandised.

Such a division of responsibility can also create a great deal of overlap. The Agriculture Department, for instance, finds that its interest in agricultural labor is shared by the Labor Department, its regard for agricultural enterprise is shared by the Small Business Administration, and its concern for providing sufficient transportation for farm products is shared by the Department of Transportation. The Commerce, Labor, and Agriculture Departments duplicate one another in collecting economic statistics, yet they use computers and statistical techniques which are often incompatible.

It has sometimes been argued that certain interest groups need a department to act as their special representative within the Government. In my view, such an arrangement serves the best interests of neither the special group nor the general public. Little is gained and much can be lost, for example, by treating our farmers or our workers or other groups as if they are independent participants in our economic life. Their problems cannot be adequately treated in isolation; their well-being is intimately related to the way our entire economy functions.

I would not suggest these reforms if I thought they would in any way result in the neglect of farmers, workers, minorities or any other significant groups within our country. To the contrary, I propose these reforms because I am convinced they will enable us to serve these groups much better. Under my proposals, the new Department of Economic Affairs would be in a much stronger position really to *do* something about the wide-ranging factors which influence farm income than is the present Department of Agriculture, for example. It could do more to meet the complex needs of working men and women than can the present Department of Labor. It would be able to pull together a wider range of resources to help minority businessmen than can the present Department of Commerce.

Federal organization in the economic area has been the target of frequent criticism over the years. During the previous administration alone, two special studies of executive organization recommended that it be substantially altered. I have received a similar recommendation from my Advisory Council on Executive Organization.

I am therefore recommending to the Congress that a new Department of Economic Affairs be established to promote economic growth, to foster economic justice, and to encourage more efficient and more productive relationships among the various elements of our economy and between the United States economy and those of other nations. As this single new Department joined the Treasury Department, the Council of Economic Advisers and the Federal Reserve Board in shaping economic policy, it would speak with a stronger voice and would offer a more effective, more highly integrated viewpoint than four different departments can possibly do at present. The activities of the new Department would be grouped under the following six administrations: Business Development, Farms and Agriculture, Labor Relations and Standards, National Transportation, Social, Economic, and Technical Information and International Economics.

The new Department of Economic Affairs would include many of the offices that are now within the Departments of Commerce, Labor, and Agriculture. A large part of the Department of Transportation would also be relocated here, including the United States Coast Guard, the Federal Railroad Administration, the St. Lawrence Seaway Development Corporation, the National Transportation Safety Board, the Transportation Systems Center, the Federal Aviation Administration, the Motor Carrier Safety Bureau and most of the National Highway Traffic Safety Administration. The Small Business Administration, the Science Information Exchange program from the Smithsonian Institution, the National Institute for Occupational Health and Safety from the Department of Health, Education, and Welfare and the Office of Technology Utilization from the National Aeronautics and Space Administration would also be included in the new Department.

OTHER ORGANIZATIONAL REFORMS

Regrouping functions *among* departments can do a great deal to enhance the effectiveness of government. It should be emphasized, however, that regrouping functions *within* departments is also a critical part of my program for executive reform. Just as like tasks are grouped together within a given department, so similar operations should be rationally assembled within subordinate units. Such a realignment of functions, in and of itself, would make it much easier for appointed officials to manage their agencies and for both the President and the Congress to see that their intentions are carried out.

Toward this same end, I am recommending to the Congress a number of additional steps for bringing greater managerial discipline into Government. In the first place, I am proposing that the Department

Secretary and his office be considerably strengthened so that the man whom the President appoints to run a department has both the authority and the tools to run it effectively. The Secretary would be given important managerial discretion that he does not always enjoy today, including the ability to appoint many key department officials, to delegate authority to them and to withdraw or change such delegations of authority, and to marshal and deploy the resources at his command so that he can readily focus the talent available to him at the point of greatest need.

Each of the new Secretaries would be provided with a Deputy Secretary and two Under Secretaries to help him meet his responsibilities. In addition, each major program area within a department would be headed by a high-level administrator who would be responsible for effectively managing a particular group of related activities. These officials would be appointed by the President and their appointments would be subject to Senate confirmation.

It is my philosophy that we should give clear assignments to able leaders—and then be sure that they are equipped to carry them out. As a part of this same effort, we should do all we can to give the best new management tools to those who run the new departments. There is no better time to introduce needed procedural changes *within* departments than a time of structural change *among* departments. We can reap great benefits if we take advantage of this opportunity by implementing the most advanced techniques and equipment for such tasks as planning and evaluation, data collection, systematic budgeting, and personnel administration.

Finally, I would again stress in this message—as I have in my discussions of revenue sharing—the importance of decentralizing government activities as much as possible. As I have already observed, the consolidation of domestic departments would do a great deal to facilitate decentralization, since it would produce fewer interagency disputes that require resolution at higher levels. It is also true, as many management experts have pointed out, that as the reliability and scope of information expand at higher levels of government, officials can delegate authority to lower levels with greater confidence that it will be used well.

In addition to the consolidation of functions, I am also proposing a reform of the field structures of the Federal Government that would also promote decentralization. Each Department, for example, would appoint a series of Regional Directors who would represent the Secretary with respect to all Department activities in the field. Planning, coordination and the resolution of conflicts could thus be more readily achieved without Washington's involvement, since there would be a

"Secretarial presence" at the regional level. Further coordination at lower levels of government would be provided by strengthening the 10 Regional Councils which include as members the Regional Directors of various departments in a given area of the country.

In the first months of my administration I moved to establish common regional boundaries and regional headquarters for certain domestic departments. I observed at that time that the Federal Government has never given adequate attention to the way in which its departments are organized to carry out their missions in the field. It is now time that we remedied this pattern of neglect. Even the best organized and best managed departments in Washington cannot serve the people adequately if they have to work through inadequate field structures.

Industry and government both have found that even the largest organizations can be run effectively when they are organized according to rational principles and managed according to sound techniques. There is nothing mystical about these principles or these techniques; they can be used to make the Federal Government far more effective in a great many areas.

As we consolidate and rationalize Federal functions, as we streamline and modernize our institutional architecture, as we introduce new managerial techniques and decentralize Government activities, we will give Government the capacity to operate far more efficiently than it does today. It will be able to do more work with fewer mechanisms and fewer dollars. It will be able to use its work force more productively. This could mean significant savings for our taxpayers. I would emphasize, however, that any reductions in the Federal work force attributable to this proposal would come by normal turnover; no civil servant should lose his job as a result of this plan.

It is important that these reforms be seen by our civil servants not as a threat to their security but as an opportunity for greater achievement. We have worked hard to bring able people into Government employment. Executive reorganization can help the Nation make even better use of their talent and their dedication and it can also make it easier for us to attract more men and women of great vision and competence into public service at the Federal level.

FOCUSING POWER WHERE IT CAN BE USED BEST

These proposals for reorganizing the Federal Government are a natural complement to my proposals for revenue sharing; there is a sense in which these two initiatives represent two sides of the same coin. Both programs can help us decentralize government, so that more decisions can be made at levels closer to the people. More than that,

both programs are concerned with restoring the general capacity of government to meet its responsibilities.

On the one hand, through revenue sharing, we would give back to the States and localities those functions which belong at the State and local level. To help them perform those functions more effectively, we would give them more money to spend and more freedom in spending it. At the same time, however, we must also do all we can to help the Federal Government handle as effectively as possible those functions which belong at the Federal level. Executive reorganization can help us achieve this end by bringing together related activities which are now fragmented and scattered.

A healthy Federal system is one in which we neither disperse power for the sake of dispersing it nor concentrate power for the sake of concentrating it. Instead, a sound Federal system requires us to *focus* power at that place where it can be used to the greatest public advantage. This means that each level of government must be assigned those tasks which it can do best and must be given the means for carrying out those assignments.

THE CENTRAL QUESTION

Ever since the first settlers stepped upon our shores more than three centuries ago, a central question of the American experience has been: How do we best organize our government to meet the needs of the people? That was the central question as the colonists set up new governments in a new world. It was the central question when they broke from their mother country and made a new nation. It was the central question as they wrote a new Constitution in 1787 and, at each critical turning point since that time, it has remained a dominant issue in our national experience.

In the last 40 years, as the Federal Government has grown in scope and complexity, the question of how it should be organized has been asked with even greater intensity and relevance. During this time, we have moved to formulate responsive answers to this question in an increasingly systematic manner. Searching studies of Government management and organization have been made under virtually every national administration since the 1930's and many needed reforms have resulted.

What is now required, however, is a truly comprehensive restructuring of executive organization, one that is commensurate with the growth of the Nation and the expansion of the government. In the last 20 years alone our population has increased by one-third and the Federal budget has quintupled. In the last two decades, the number of Federal civilian employees has risen by almost 30 percent and the

domestic programs they administer have multiplied tenfold. Three executive departments and 14 independent agencies have been tacked on to the Federal organization chart during that brief span.

Yet it still is the same basic organization chart that has set the framework of governmental action for decades. While there have been piecemeal changes, there has been no fundamental overhaul. Any business that grew and changed so much and yet was so patient with old organizational forms would soon go bankrupt. The same truth holds in the public realm. Public officials cannot be patient with outmoded forms when the people have grown so impatient with government.

Thomas Jefferson once put it this way: "I am certainly not an advocate for frequent and untried changes in laws and constitutions," he wrote, "but * * * laws and institutions must go hand in hand with the progress of the human mind. As that becomes more developed, more enlightened, as new discoveries are made, new truths disclosed, and manners and opinions change with the change of circumstances, institutions must advance also, and keep pace with the times."

"*Institutions must advance.*" Jefferson and his associates saw that point clearly in the late 18th century, and the fruit of their vision was a new nation. It is now for us—if our vision matches theirs—to renew the Government they created and thus give new life to our common dreams.

RICHARD NIXON.

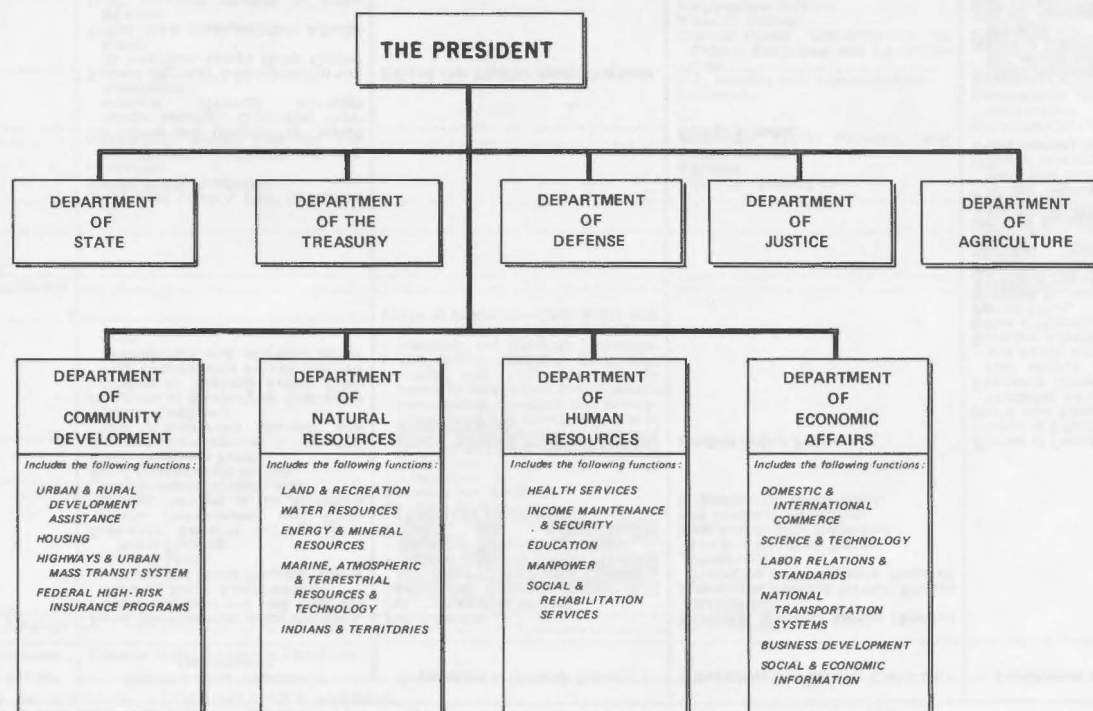
THE WHITE HOUSE,
March 25, 1971.

PART II

GENERAL DEPARTMENTAL INFORMATION



Executive Departments under the President's Departmental Reorganization Program



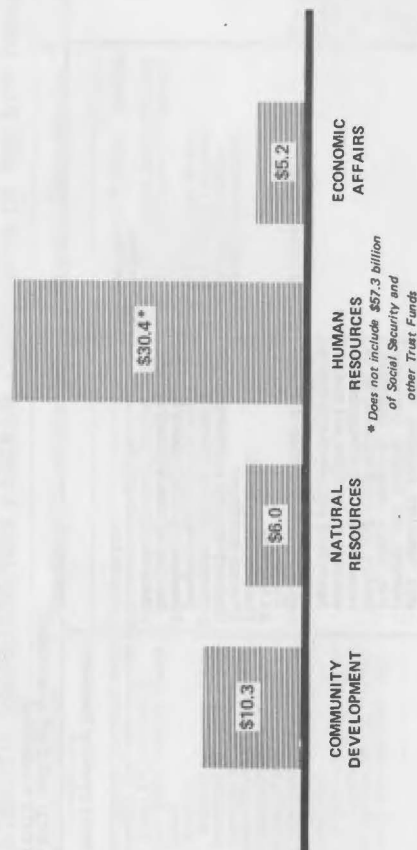
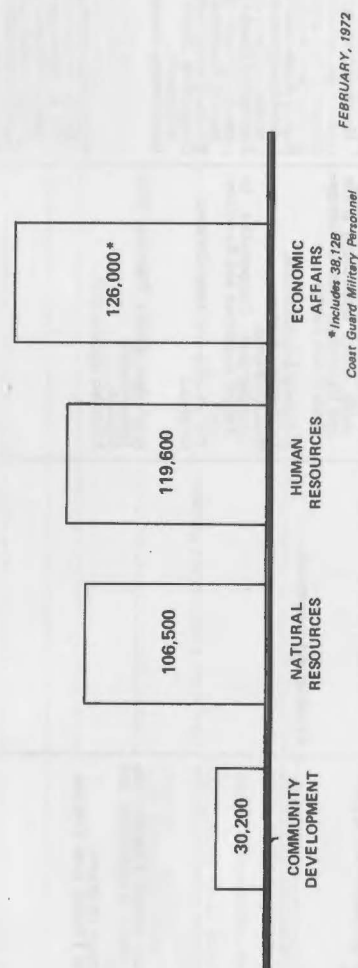
PRESIDENT'S DEPARTMENTAL REORGANIZATION PROGRAM—COMPONENTS OF THE NEW DEPARTMENTS

Present Department or Agency	Department of Community Development	Department of Natural Resources	Department of Human Resources	Department of Economic Affairs
Agriculture.....	Rural Electrification Administration. Certain functions and staff from the Farmers Home Administration: Water and Waste Disposal Grants and Loans. Rural Housing. Economic Research Service (Eco- nomic Development and Com- munity Services of the Economic Development Division only). Rural Development Service. Rural Telephone Bank. Economic Development Administra- tion (Community planning and public works only). Functions of Secretary of Commerce relating to Regional Action Plan- ning Commissions (except business development and technical assist- ance).	Forest Service. Soil Conservation Service. Agricultural Research Service (Soil and Water Conservation Division). Economic Research Service (Natural Resources Economics Division). Farmers Home Administration (Watershed Loans only).	Economic Research Service (Human Resources). ¹ Agricultural Research Service (Human Nutrition and Consumer Research Programs). Food and Nutrition Service. Meat and Poultry Inspection. Egg Products Inspection. Departmental Management.	
Commerce.....		National Oceanic and Atmospheric Administration.	Product Safety Program.	Bureau of Domestic Commerce. Bureau of International Commerce. Social and Economic Statistics Administration. Economic Development Administra- tion (except community planning and public works). Maritime Administration. Office of Minority Business Enterprise. Patent Office. National Bureau of Standards (except Product Safety). U.S. Travel Service. National Technical Information Service. Office of Foreign Direct Investment. Regional Action Planning Functions of the Secretary (business develop- ment and technical assistance only). Office of Telecommunications. Departmental Management.
HUD.....	All offices and components (except college housing). (Including Govern- ment National Mortgage Association).		College Housing. ²	
DOT.....	Federal Highway Administration and its programs, except Motor Carrier Safety. Urban Mass Transportation Admin- istration. DOT functions relating to Appa- lachian Regional Development Act.	Oil and Gas Pipeline Safety Programs.		Federal Highway Administration (mo- tor carrier safety program only). National Highway Traffic Safety Ad- ministration. Federal Railroad Administration. Federal Aviation Administration. Coast Guard. St. Lawrence Seaway. National Traffic Safety Board. Office of the Secretary (except oil and gas pipeline safety).

HEW.....	Grants for the construction of public libraries.		All offices and components (except public library construction grants and National Institute for Occupa- tional Health Safety).	National Institute for Occupational Health and Safety.
Interior.....		All offices and components.		
Labor.....			Manpower Administration. Employment Service. Women's Bureau. Unemployment Compensation for Federal Employees and Ex-service- men. U.I. Benefits and Administration. Overhead.	Bureau of International Labor Affairs. Labor-Management Services Adminis- tration. Employment Standards Administration (except Women's Bureau and Bu- reau of Employees Compensation). Bureau of Labor Statistics. Occupational Health and Safety Ad- ministration. Departmental Management.
OEO.....	Community Action Programs (in- cluding Senior Opportunities and Services). Special Impact Programs.		Alcoholism, Family Planning, Drug Rehabilitation. Migrants. Nutrition (phasing out).	
SBA.....	Residential Disaster Loan Program.			Entire Administration (except residen- tial disaster loans).
NASA.....				Office of Technology Utilization (eco- nomic development and assistance functions only). Nonregulatory functions only. Entire Service.
National Mediation Board.....				
Federal Mediation and Conciliation Service.....				
Army Corps of Engineers.....		Corps of Engineers—Civil works and civil regulatory functions (policy, planning, and funding) (investiga- tion, study, planning, budgeting, funding and coordination to be di- rected by Secretary of Department— construction, operation and mainte- nance, flood and coastal activities to remain under direction of Secretary of Army and supervision of Chief of Engineers).		
Water Resources Council.....		All functions.		
AEC.....		Uranium raw materials. Uranium enrichment. Civilian Power and nonnuclear energy programs (policy, planning, and funding only). Plowshare (policy, planning, and funding of natural resource func- tions only).		
Railroad Retirement Board.....			All functions.	
President's Committee on Employ- ment of Handicapped.....			All functions.	
Office of Emergency Preparedness..	Disaster Relief Operating Functions.			

¹ Will follow Economic Research Service to DCD until DHR is established.² Will follow HUD programs to DCD until DHR is established.

APPROXIMATE SIZES OF PROPOSED DEPARTMENTS

BUDGET OUTLAYS
FY 1972
\$ IN BILLIONSEMPLOYMENT
FY 1972
(FULL TIME PERMANENT)

FEBRUARY, 1972

PROGRAMS AND RELATED RESOURCES
AFFECTED BY THE REORGANIZATION

	Fiscal year 1972 employment (full time, permanent)	Fiscal year 1972 budget outlays (in millions)
--	--	---

THE PROPOSED DEPARTMENT OF COMMUNITY DEVELOPMENT

From the Department of Housing and Urban
Development:

Housing production and mortgage credit (includes Federal Housing Administration and Government National Mortgage As- sociation; excludes College Housing Pro- gram to Department of Human Re- sources).....	8,711	\$192
Housing management.....	1,842	1,269
Community planning and management.....	535	62
Community development.....	1,216	1,785
Federal Insurance Administration.....	50	2
Research and technology.....	133	52
Fair housing and equal opportunity.....	347	8
General departmental management.....	2,366	45
Subtotal, HUD.....	15,200	3,415

From the Department of Agriculture:

Rural Electrification Administration.....	785	1,581
Farmers Home Administration:		
Water and waste disposal grants and loans.....	20	68
Rural housing.....	25	37
National, State, and county field office support.....	7,274	2,98
Economic Research Service:		
Economic Development Division (ex- cluding Human Resources Branch).....	76	1
Rural Development Service.....	6	
Rural Telephone Bank.....		11
Subtotal, Agriculture.....	8,186	796

From the Office of Economic Opportunity:

Community action programs (including Senior Opportunities and Services).....	1,035	400
Special impact programs.....	29	29
Subtotal, OEO.....	1,064	429

See footnotes at end of table, p. 35.

PROGRAMS AND RELATED RESOURCES AFFECTED BY THE REORGANIZATION—Continued

	Fiscal year 1972 employment (full time, permanent)	Fiscal year 1972 budget outlays (in millions)
THE PROPOSED DEPARTMENT OF COMMUNITY DEVELOPMENT—Continued		
From the Department of Transportation:		
Federal Highway Administration and its programs, except motor carrier safety	4, 479	\$4, 835
Urban Mass Transportation Administra- tion	290	280
Subtotal, DOT	4, 769	5, 115
From the Department of Commerce:		
Economic Development Administration (community planning and public works)	221	205
Regional action planning functions of the Secretary (except business development and technical assistance)	49	32
Subtotal, Commerce	270	237
From the Department of Health, Education, and Welfare: Grants for the construction of public libraries	4	11
From the Small Business Administration: Resi- dential disaster loan program	10	* 260
From the Office of Emergency Preparedness: Disaster relief operating functions	100	3
General departmental management (excluding HUD)	607	15
Grand total, DCD	30, 210	10, 281

THE PROPOSED DEPARTMENT OF NATURAL RESOURCES

From the Department of the Interior:		
Bureau of Outdoor Recreation	483	\$269
National Park Service	6, 961	220
Bureau of Sport Fisheries and Wildlife	3, 958	153
Bureau of Land Management	3, 720	208
Bureau of Reclamation	8, 880	424
Office of Saline Water	139	32
Office of Water Resources Research	43	13
Geological Survey	8, 007	123
Bureau of Mines	5, 804	173
Power Marketing Agencies	3, 215	143
Bureau of Indian Affairs	13, 974	547

See footnotes at end of table, p. 35.

PROGRAMS AND RELATED RESOURCES AFFECTED BY THE REORGANIZATION—Continued

	Fiscal year 1972 employment (full time, permanent)	Fiscal year 1972 budget outlays (in millions)
THE PROPOSED DEPARTMENT OF NATURAL RESOURCES—Con.		
From the Department of the Interior—Cont.		
Territorial Affairs	298	\$110
Office of Coal Research	26	24
Office of Oil and Gas	64	2
Defense Electric Power	(*)	
Underground power transmission research	(*)	
General departmental management	1, 377	23
Subtotal, Interior	56, 949	2, 464
From the Department of Agriculture:		
Forest Service	20, 575	* 685
Soil Conservation Service	14, 500	318
Agricultural Research Service (Soil and Water Conservation Division)	923	21
Economic Research Service (Natural Re- sources Economics Division)	148	3
Farmers Home Administration (watershed loans only)	35	5
Subtotal, Agriculture	36, 181	1, 032
From the Atomic Energy Commission:		
Uranium raw materials	89	* 2
Uranium enrichment	75	* 235
Civilian nuclear power and nonnuclear energy programs (policy, planning, and funding only)	(?)	336
Plowshare (policy, planning, and funding of natural resources functions only)	4	7
Subtotal, AEC	168	580
From the Department of the Army: Corps of Engineers (planning, evaluation, policy, and funding only)	360	1, 570
From the Water Resources Council: All func- tions	43	7
From the Department of Transportation: Oil and gas pipeline safety programs	27	3
From the Department of Commerce: National Oceanic and Atmospheric Administration	12, 447	304
General departmental management (other than Interior)	300	5
Grand total, DNR	106, 475	5, 965

See footnotes at end of table, p. 35.

PROGRAMS AND RELATED RESOURCES AFFECTED BY THE REORGANIZATION—Continued

	Fiscal year 1972 employment (full time, permanent)	Fiscal year 1972 budget outlays (in millions)
THE PROPOSED DEPARTMENT OF HUMAN RESOURCES		
From the Department of Health, Education, and Welfare:		
Food and Drug Administration.....	5, 337	\$110
Health Services and Mental Health Administration.....	23, 494	1, 839
Deduct Occupational Health and Safety.....	—715	—26
National Institutes of Health.....	11, 567	1, 757
Social Security Administration (Federal funds).....	900	3, 035
Office of Education (except public library construction grants, to be in the Department of Community Development).....	2, 917	⁸ 4, 859
Social and Rehabilitation Service.....	2, 170	14, 157
Special institutions.....		81
Office of the Secretary.....	4, 527	59
Office of Child Development.....	396	215
Subtotal, Federal funds.....	50, 593	26, 086
Social security trust funds.....	50, 741	⁹ 48, 307
Receipts and intragovernmental deducts.....		¹⁰ —2, 519
Subtotal, HEW.....	101, 334	71, 874
From the Office of Economic Opportunity:		
Alcoholism, family planning, drug rehabilitation.....	25	44
Migrants.....	34	36
Nutrition (phasing out).....	18	28
Administrative support.....	21	1
Subtotal, OEO.....	98	109
From the Department of Labor:		
Manpower Administration.....	4, 583	2, 170
Employment Service.....		398
Women's Bureau.....	65	1
Federal unemployment benefits and allowances.....		721
Unemployment insurance benefits and administration.....		6, 914
General departmental management.....	745	11
Subtotal, Labor.....	5, 393	10, 215

See footnotes at end of table, p. 35.

PROGRAMS AND RELATED RESOURCES AFFECTED BY THE REORGANIZATION—Continued

	Fiscal year 1972 employment (full time, permanent)	Fiscal year 1972 budget outlays (in millions)
THE PROPOSED DEPARTMENT OF HUMAN RESOURCES—Continued		
From the Department of Agriculture:		
Economic Research Service (human resources).....	23	\$1
Agriculture Research Service (human nutrition and consumer research programs).....	178	5
Food and Nutrition Service.....	1, 943	3, 164
Meat and poultry inspection.....	8, 307	145
Egg products inspection.....	152	4
General departmental management.....	326	6
Subtotal, Agriculture.....	10, 929	3, 325
From the Railroad Retirement Board: Entire Board.....	1, 700	2, 103
From the Department of Housing and Urban Development: College housing.....	60	48
From the Department of Commerce: Product safety program of National Bureau of Standards.....	33	1
President's Committee on Employment of the Handicapped.....	33	1
Grand total, DHR.....	119, 580	87, 676
THE PROPOSED DEPARTMENT OF ECONOMIC AFFAIRS		
From the Department of Commerce:		
Bureau of Domestic Commerce.....	792	\$25
Bureau of International Commerce.....	1, 021	30
Social and Economic Statistics Administration.....	3, 734	63
Economic Development Administration (except community planning and public works).....	633	60
Maritime Administration.....	1, 518	457
Office of Minority Business Enterprise.....	302	12
Patent Office.....	2, 618	59
National Bureau of Standards (except product safety).....	3, 124	50
U.S. Travel Service.....	95	7
National Technical Information Service.....	332	1
Office of Foreign Direct Investment.....	99	3
Office of Telecommunications.....	241	5
General departmental management.....	884	8
Subtotal, Commerce.....	15, 393	780

See footnotes at end of table, p. 35.

PROGRAMS AND RELATED RESOURCES AFFECTED BY THE REORGANIZATION—Continued

	Fiscal year 1972 employment (full time, permanent)	Fiscal year 1972 budget outlays (in millions)
THE PROPOSED DEPARTMENT OF ECONOMIC AFFAIRS—Continued		
From the Department of Labor:		
Bureau of International Labor Affairs.....	160	\$2
Labor-Management Services Administration.....	990	21
Employment Standards Administration (except Women's Bureau and Bureau of Employees Compensation).....	1,794	42
Bureau of Labor Statistics.....	1,236	36
Occupational Health and Safety Administration.....	1,100	42
General departmental management.....	480	8
Subtotal, Labor.....	5,760	151
From the Department of Transportation:		
Federal Highway Administration (motor carrier safety program only).....	209	5
National Highway Traffic Safety Administration.....	750	136
Federal Railroad Administration.....	1,135	165
Federal Aviation Administration.....	51,632	1,681
Coast Guard.....	¹¹ 5,575	724
St. Lawrence Seaway Development Corporation.....	174	—3
National Transportation Safety Board.....	253	7
Office of the Secretary (except pipeline safety).....	1,826	45
Subtotal, DOT.....	61,554	2,760
From the Small Business Administration: Entire Administration (except residential disaster loans).....	4,009	³ 1,500
From the Federal Mediation and Conciliation Service: Entire Service.....	431	10
From the Department of Health, Education, and Welfare (National Institute of Occupational Health and Safety).....	715	26
From the National Mediation Board: Mediation functions only.....	42	1

See footnotes at end of table, p. 35.

PROGRAMS AND RELATED RESOURCES AFFECTED BY THE REORGANIZATION—Continued

	Fiscal year 1972 employment (full time, permanent)	Fiscal year 1972 budget outlays (in millions)
THE PROPOSED DEPARTMENT OF ECONOMIC AFFAIRS—Continued		
From NASA: Office of Technology Utilization (dissemination functions only).....	3	\$1
Grand total, DEA.....	¹¹ 87,907	\$5,229
Grand total of the 4 proposed Departments.....	¹¹ 344,172	¹² \$109,151

¹ Excludes \$280 million of principal and interest receipts.² Excludes \$8 million of financing of FHA staff from Emergency Credit Revolving Fund.³ Loan levels.⁴ Included in Interior general departmental management.⁵ Excludes \$362 million of Forest Service receipts.⁶ Excludes receipts of \$212 million for both uranium programs.⁷ Minor transfer to be determined.⁸ Includes outlays for National Foundation for Higher Education and National Institute of Education.⁹ Net of receipts and financial interchange with RRB.¹⁰ Does not include trust fund receipts.¹¹ Excludes 38,128 military (Coast Guard).¹² Includes \$57.3 billion of social security and other trust funds in the proposed Department of Human Resources.

COMPARISON OF THE PRESIDENT'S REORGANIZATION PROPOSALS WITH THOSE OF THE ASH COUNCIL

Current program	Placement in proposed departments	
	Ash Council recommendation	President's reorganization program
DEPARTMENT OF AGRICULTURE		
Forest Service.....	DNR	DNR
Soil Conservation Service:		
Watershed planning.....	DNR	DNR
All other functions.....	DEA	DNR
Agricultural Research Service:		
Soil and water conservation.....	DEA	DNR
Human nutrition and home economics research....	DHR	DHR
All other functions.....	DEA	(1)
Farmers Home Administration:		
Water and waste disposal grants and loans.....	DCD	DCD
Rural housing.....	DCD	DCD
Watershed loans.....	DCD	DNR
All other functions.....	DCD	(1)
Economic Research Service:		
Human resources.....	DEA	DHR 2
Natural resources economics.....	DEA	DNR
Economic development.....	DEA	DCD
All other functions.....	DEA	(1)
Rural Electrification Administration.....	DNR	DCD
Rural Development Service.....	(1)	DCD
Rural Telephone Bank.....	(1)	DCD
Farmers Cooperative Service.....	DEA	(1)
Commodity Exchange Authority.....	DEA	(1)
Consumer and Marketing Service:		
Food inspection programs (meat, poultry, eggs) ..	DEA	DHR
All other functions.....	DEA	(1)
Packers and Stockyards Administration.....	DEA	(1)
Foreign Economic Development Service.....	DEA	(1)
Statistical Reporting Service.....	DEA	(1)
Cooperative State Research Service.....	DEA	(1)
National Agricultural Library.....	DEA	(1)
Commodity Credit Corporation.....	DEA	(1)
Agricultural Stabilization and Conservation Service...	DEA	(1)
Export Market Service.....	DEA	(1)
Federal Crop Insurance Corporation.....	DEA	(1)
Foreign Agricultural Service.....	DEA	(1)
Extension Service:		
4-H clubs, homemakers service, etc.....	DCD	(1)
All other functions.....	DEA	(1)
International Organizations Staff.....	DEA	(1)
Food and Nutrition Service.....	DHR	DHR

See footnotes at end of table, p. 41.

COMPARISON OF THE PRESIDENT'S REORGANIZATION PROPOSALS WITH THOSE OF THE ASH COUNCIL—Continued

Current program	Placement in proposed departments	
	Ash Council recommendation	President's reorganization program
DEPARTMENT OF COMMERCE		
National Oceanic and Atmospheric Administration....	DNR	DNR
Bureau of Domestic Commerce.....	DEA	DEA
Bureau of International Commerce.....	DEA	DEA
Office of Business Economics.....	DEA	DEA
Bureau of the Census.....	DEA	DEA
Economic Development Administration:		
Community development planning and public works.	DEA	DCD
All other functions.....	DEA	DEA
Maritime Administration.....	DEA	DEA
Office of Minority Business Enterprise.....	DEA	DEA
Patent Office.....	DEA	DEA
National Bureau of Standards:		
Product safety.....	DEA	DHR
All other functions.....	DEA	DEA
U.S. Travel Service.....	DEA	DEA
National Technical Information Service.....	DEA	DEA
Office of Foreign Direct Investment.....	DEA	DEA
Regional Action Planning Commissions (Title V):		
Business development and technical assistance functions of the Secretary.	DEA	DEA
All other title V functions of the Secretary.....	DEA	DCD
Office of Telecommunications.....	(1)	DEA
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE		
Food and Drug Administration.....	DHR	DHR
Health Services and Mental Health Administration:		
Occupational health and safety.....	DHR	DEA
All other functions.....	DHR	DHR
National Institutes of Health.....	DHR	DHR
Environmental Health Service.....	DHR	(1)
Social Security Administration.....	DHR	DHR
Office of Education:		
Public library construction.....	DCD	DCD
All other functions.....	DHR	DHR
Social and Rehabilitation Service.....	DHR	DHR
Special Institutions.....	DHR	DHR
Construction (other than public libraries).....	DCD	DHR

See footnotes at end of table, p. 41.

COMPARISON OF THE PRESIDENT'S REORGANIZATION PROPOSALS WITH THOSE OF THE ASH COUNCIL—Continued

Current program	Placement in proposed departments	
	Ash Council recommendation	President's reorganization program
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Housing Production and Mortgage Credit:		
College housing.....	DCD	DHR ⁵
Federal Housing Administration.....	DCD	DCD
Government National Mortgage Association.....	DCD	DCD
Housing management.....	DCD	DCD
Community planning and management.....	DCD	DCD
Federal Insurance Administration.....	DCD	DCD
Community development.....	DCD	DCD
DEPARTMENT OF THE INTERIOR		
Bureau of Outdoor Recreation.....	DNR	DNR
National Park Service.....	DNR	DNR
Bureau of Sport Fisheries and Wildlife.....	DNR	DNR
Bureau of Land Management.....	DNR	DNR
Bureau of Reclamation.....	DNR	DNR
Office of Saline Water.....	DNR	DNR
Office of Water Resources Research.....	DNR	DNR
Geological Survey.....	DNR	DNR
Power Marketing Agencies.....	DNR	DNR
Bureau of Indian Affairs.....	DNR	DNR
Office of Territories.....	DNR	DNR
Bureau of Mines.....	DNR	DNR
Office of Coal Research.....	DNR	DNR
Office of Oil and Gas.....	DNR	DNR
Office of Minerals and Solid Fuels.....	DNR	DNR
Oil Import Administration and Appeals Board.....	DNR	DNR
Defense electric power.....	DNR	DNR
Underground power transmission research.....	DNR	DNR
Office of Mine Health and Safety Appeals.....	DNR	(⁶)
DEPARTMENT OF LABOR		
Bureau of International Labor Affairs.....	DEA	DEA
Labor Management Services Administration.....	DEA	DEA
Employment Standards Administration:		
Office of Federal Contract Compliance.....	DEA	DEA
Wage and Hours and Public Contracts Division.....	DEA	DEA
Bureau of Labor Standards.....	DEA	DEA
Women's Bureau.....	DEA	DHR
Bureau of Employees Compensation.....	DHR	(⁷)

See footnotes at end of table, p. 41.

COMPARISON OF THE PRESIDENT'S REORGANIZATION PROPOSALS WITH THOSE OF THE ASH COUNCIL—Continued

Current program	Placement in proposed departments	
	Ash Council recommendation	President's reorganization program
DEPARTMENT OF LABOR—Continued		
Bureau of Labor Statistics.....	DEA	DEA
Occupational Health and Safety Administration.....	DEA	DEA
Solicitor of Labor.....	DEA	(⁸)
Manpower Administration.....	DHR	DHR
DEPARTMENT OF TRANSPORTATION		
Oil and gas pipeline safety programs.....	(⁹)	DNR
Federal Aviation Administration.....	(⁹)	DEA
Federal Highway Administration:		
Motor carrier safety program.....	(⁹)	DEA
All other functions.....	(⁹)	DCD
National Highway Traffic Safety Administration.....	(⁹)	DEA
Federal Railroad Administration.....	(⁹)	DEA
National Transportation Safety Board.....	(⁹)	DEA
Coast Guard.....	(⁹)	DEA
Saint Lawrence Seaway.....	(⁹)	DEA
SST program.....	(⁹)	DEA
Urban Mass Transit Administration.....	(⁹)	DCD
OFFICE OF ECONOMIC OPPORTUNITY		
Alcoholism, family planning, drug rehabilitation.....	(⁹)	DHR
Migrant programs.....	DHR	DHR
Indian programs.....	DHR	(¹⁰)
Nutrition programs.....	DHR	DHR
Community action programs.....	DCD	DCD
Special impact programs.....	DCD	DCD
VISTA.....	DCD	(¹¹)
Rural Economic Opportunity Loans (USDA).....	DCD	(¹⁰)
Manpower Training and Development (Labor).....	DHR	DHR
Head Start and Follow Through (HEW).....	DHR	DHR

See footnotes at end of table, p. 41.

COMPARISON OF THE PRESIDENT'S REORGANIZATION PROPOSALS WITH THOSE OF THE ASH COUNCIL—Continued

Current program	Placement in proposed departments	
	Ash Council recommendation	President's reorganization program
ADDITIONAL ORGANIZATIONAL ELEMENTS		
Department of the Army:		
Corps of Engineers (civil works):		
Planning and evaluation.....	DNR	DNR
Policy and funding.....	(²)	DNR
Department of the Navy:		
National oceanographic data and instrument centers.....	DNR	DNR ¹²
National Aeronautics and Space Administration:		
Office of Technology Utilization's economic development and assistance functions.....	(³)	DEA
Water Resources Council.....	DNR	DNR
National Science Foundation:		
Office of Sea Grants program.....	DNR	DNR ¹²
Small Business Administration:		
Residential disaster loan program.....	DEA	DCD
All other functions.....	DEA	DEA
Federal Mediation and Conciliation Service.....	(⁴)	DEA
Atomic Energy Commission:		
Uranium raw materials.....	DNR	DNR
Uranium enrichment.....	DNR	DNR
Civilian power and nonnuclear energy programs:		
Policy and funding.....	DNR	DNR
Operations.....	DNR	(¹³)
Plowshare programs:		
Policy and funding.....	DNR	DNR
Operations.....	DNR	(¹⁴)
Controlled thermonuclear reactors program.....	DNR	(¹⁵)
State Department:		
Commercial attachés.....	DEA	(¹⁵)
Railroad Retirement Board.....	DHR	DHR
Civil Service Commission:		
Civil Service Retirement and Disability Fund....	DHR	(¹⁶)
Department of Justice:		
Office of Science and Drug Abuse Prevention....	DHR	(¹⁷)
Narcotic Addiction and Rehabilitation Activity Unit.....	DHR	(¹⁷)
National Mediation Board:		
Mediation functions.....	(³)	DEA
U.S. Tariff Commission.....	DEA	(¹⁸)
Federal Field Committee for Development Planning in Alaska.....	DEA	(³)

See footnotes at end of table, p. 41.

COMPARISON OF THE PRESIDENT'S REORGANIZATION PROPOSALS WITH THOSE OF THE ASH COUNCIL—Continued

Current program	Placement in proposed departments	
	Ash Council recommendation	President's reorganization program
ADDITIONAL ORGANIZATIONAL ELEMENTS—Continued		
Department of the Treasury:		
Antidumping regulatory functions.....	DEA	(¹⁹)
Appalachian Regional Commission.....	DEA	(²⁰)
President's Committee on Employment of the Handicapped.....	(²)	DHR
Office of Emergency Preparedness:		
Disaster relief operating functions	(²)	DCD

¹ Left in Agriculture Department.

² Will follow Economic Research Service to DCD until DHR is established.

³ No recommendation.

⁴ Transferred to Environmental Protection Agency subsequent to Ash Council Report.

⁵ Will follow HUD programs to DCD until DHR is established.

⁶ Abolished subsequent to Ash Council Report.

⁷ To be transferred to Civil Service Commission with some minor adjustment of personnel and funds to DHR.

⁸ Split between DEA and DHR.

⁹ With the exception of the Coast Guard data buoy program (now part of NOAA), the Ash Council did not recommend placement of Department of Transportation functions in the proposed new departments.

¹⁰ Left in Office of Economic Opportunity.

¹¹ Part of the ACTION agency.

¹² To be transferred as part of National Oceanic and Atmospheric Administration.

¹³ Left in Atomic Energy Commission.

¹⁴ Split between AEC and DNR.

¹⁵ Left in State Department.

¹⁶ Left in Civil Service Commission.

¹⁷ Left in Justice Department.

¹⁸ Left independent.

¹⁹ Left in Treasury Department.

²⁰ Excluded from reorganization bills.

CONSTITUTION OF THE UNITED STATES AMENDMENT XXV Section 1. The President shall hold office for a term of four years and shall be eligible for re-election to one term only.

Section 2. The Vice President shall hold office for a term of four years and shall be eligible for re-election to one term only.

Section 3. The President and Vice President shall be elected in the following manner:

Section 4. The President and Vice President shall be elected in the following manner:

Section 5. The President and Vice President shall be elected in the following manner:

Section 6. The President and Vice President shall be elected in the following manner:

Section 7. The President and Vice President shall be elected in the following manner:

Section 8. The President and Vice President shall be elected in the following manner:

Section 9. The President and Vice President shall be elected in the following manner:

PART III THE PROPOSED DEPARTMENT OF COMMUNITY DEVELOPMENT

Proposed

Department of Community Development REPORT AND REVIEW

A. INTRODUCTION

1. PRESIDENT'S REORGANIZATION PLAN

President Nixon, in his State of the Union address of January 22, 1971, and in his subsequent message of March 25, 1971, proposed a sweeping reorganization of the executive branch to provide organizational capabilities that would serve the contemporary needs of the people. The President's reorganization proposal is based in large measure on an intensive study by the President's Advisory Council on Executive Organization (Ash Council). This report and the associated proposals are the result of that review and rely heavily on the findings and recommendations of the Ash Council.

The Ash Council concluded that if the executive branch structure were to be adapted to changing national requirements it should have the following main attributes:

1. The structure should be clearly geared to the major and central purposes of government today in the formulation and execution of policy. It should not be guided by historical or subordinate functions, by narrow constituencies, or by a desire to preserve existing means and procedures as ends in their own right.

2. It should permit the President to delegate responsibility for many decisions and functions which do not warrant Presidential attention but which he presently must perform because of the absence of workable alternatives. Thus the President's efforts and attention would be devoted to major policy and managerial considerations.

3. Delegation of authority should be accompanied by commensurate accountability for results.

The present structure of the executive branch of the Federal Government has evolved over a long period of time. Departments and agencies were established to recognize the legitimate concerns of various groups within the Nation as it evolved. Although the original justifications for these departments and agencies were relevant to

the period when they were created, the changes that have occurred in the Nation and in the role of government during the past two decades have created a need for a substantial revamping of this structure. The President is therefore proposing that the organization of the executive branch for dealing with the major domestic functions of government—apart from those that are traditionally assigned to the Departments of Treasury and Justice and the farm-oriented functions of the Department of Agriculture—be rearranged and assigned to four new departments:

Community Development.—A department concerned with the community—rural communities and urban communities—with the need to create and preserve a wholesome living environment for every person.

Natural Resources.—A department concerned with our physical environment and the preservation and balanced use of those great natural resources on which this Nation depends.

Human Resources.—A department dealing with the concerns of people as individuals, as members of a family—a department focused on human needs.

Economic Affairs.—A department concerned with the growth and health of our economy—with our jobs, our businesses, and those many activities that maintain and strengthen the American economy.

While these four new departments will be made up of programs of existing departments and agencies, it is important to stress that they will be entirely new departments, not simply larger versions or rearrangements of existing departments. This restructuring around major purposes is integral to an improved system for managing domestic programs.

2. CONCEPT OF THE DEPARTMENT OF COMMUNITY DEVELOPMENT

One of the central missions of government which should provide a focus for the departmental organization of the executive branch is community development.

Community development is the process by which we seek to create and preserve a wholesome living environment for all citizens. Such an environment should provide not only an adequate supply of decent housing accessible to all, balanced community transportation systems, and reliable public facilities and services, but also effective and responsive institutions of government and opportunities for the participation of private individuals and voluntary organizations in government decisions affecting the community. The goal of the community development process should be the establishment of vital communities—in metropolitan and nonmetropolitan areas, in cities, suburbs, and

rural towns and villages—and the stimulation of a pattern of balanced growth which links together opportunities for housing, jobs, education, recreation, culture, and basic social services for every American, no matter where he lives.

Many factors have combined to place heavy strains on the ability of existing public and private institutions to assure safe and wholesome living environments for all Americans.

Population growth, rapid urbanization, the stagnation of many rural areas, lack of coordination among local and State jurisdictions, deterioration and social isolation in central cities, and accelerating social, technological, and economic change have had a major impact on the pace and quality of community development in recent years.

There is an urgent need and a clear national interest in enhancing the capacity of State and local governments to improve the quality of the physical facilities and services for our communities in cooperation with private institutions and local citizens. As the responsibilities of State and local governments and the demands upon them grow, their authorities must be enhanced, their resources expanded, and their capacity to deliver services improved.

The creation of a new Department of Community Development is not dependent upon the enactment of the President's revenue sharing proposals, but it reinforces their objectives in that it also stresses the importance of general purpose units of government. In the same manner that revenue sharing will provide flexible resources for States and localities to address their unique problems, a broad-based department will permit the Federal Government to respond to communities on the basis of locally determined needs, priorities, and plans for community improvement and will help strengthen State and local government capabilities to carry out their increased responsibilities effectively.

The present Federal structure is not adequate to meet community development requirements. The delivery of community development assistance by the Federal Government to the States, areawide agencies, and localities must be improved and a more effective tool must be made available for meeting Federal responsibilities in this area.

3. BACKGROUND OF THE PROPOSAL

The need for improved executive branch management has been a major concern of every President since the Second World War. In reviewing previous studies of this problem, the evolution of the community development concept is readily apparent. In 1953, the President's Advisory Committee on Government Reorganization, under Nelson Rockefeller, urged the consolidation of housing programs and the creation of a stronger secretarial role in the planning and management of a comprehensive and balanced housing program. In 1964, the

President's Task Force on Government Reorganization, chaired by Don K. Price, took a broader view of community development and proposed that urban highways, waste treatment facilities, and community water supply systems be placed under the purview of a proposed Department of Housing and Community Development. More recent studies have stressed social needs as well as housing and community facilities programs and underscored the need for decentralization of program operations and decisionmaking to a strong field organization. The Ash Council Report of 1970 thus reflects a consistent theme that the Federal Government should become more responsive to the needs of today's communities.

4. PROBLEMS WITH EXISTING ORGANIZATION

Current Federal responsibilities for community development are severely fragmented—scattered in four Departments and four independent agencies. There is no single organization with the responsibility—and authority—to coordinate and direct Federal assistance for community development. For example, both the Department of Housing and Urban Development and the Department of Agriculture provide assistance for the construction of physical facilities critical to the community development process—housing, water and sewer lines, and recreational areas. The Department of Commerce has responsibility for regional economic development, but does not administer the functional programs related to that broader objective. The Department of Transportation provides assistance for community transportation systems which frequently determine the overall pattern of development, but is not responsible for the general development of localities.

The Ash Council has pointed out, "The present organizational structure encourages fragmentation when comprehensive responses to social and economic problems are needed. Problems are defined to fit within the limits of organizational authority, resulting in piecemeal approaches to their solutions by separate departments and agencies."

Most seriously, the fragmentation in the Federal response has undermined the capacity of State and local general purpose governments to coordinate and integrate developmental activities, programs, and projects at the community level.

A Council of Governments director from Tulsa stated:

The examples of fragmentation on the local level are almost too numerous to list. There are parts of four OEO Community Action Agencies in this planning region. HUD recognizes and funds one county as a planning organization and refuses to even recognize the plans made by the other counties. There are parts of three HEW health facilities planning areas in this region. For the most part, these boundaries subdividing the Federal agency regions were drawn before the concept of uniform substate planning regions was adopted, but the fragmentation process continues yet.

In another case, Monroe, Ohio, requested assistance in submitting an application to the Federal Government for sewers in a portion of newly annexed territory. A State field adviser discovered that the community was eligible for grants from the following Federal agencies: the Economic Development Administration, the Farmers Home Administration, and the Department of Housing and Urban Development. At that time the field offices of these agencies were widely scattered, placing a heavy burden on the community seeking aid.

The same official also pointed out: "Each agency, of course, has specific criteria for funding applications—the size, population, location (whether in or out of a standard metropolitan statistical area), and the severity of the problem is taken into consideration. The dilemma of the communities such as this is to determine which agency to contact and which agency would have jurisdiction to fund such a project."

The reorganization proposals for the Department of Community Development adhere closely to the recommendations of the Ash Council report. Most of the present programs of Federal aid for community development will now be consolidated in a single department.

In addition, key components of the Department of Transportation which are fundamental to achieving balanced growth within and between communities would be included in the new Department. They include all highway construction programs as well as urban mass transportation. Thus, the new Department will encompass a broad range of programs involving key elements of community development—housing, transportation, and community facilities—under unified Federal leadership as called for by the Ash Council.

B. ORGANIZATION AND PROGRAM SUBSTANCE

The proposal for a Department of Community Development deals, as does all of the President's Departmental Reorganization Program, only with organizational and administrative matters. *It does not affect program substance.* While the statutory purposes and functions of each program are unaffected, these organizational proposals deal with the question of how programs can be made more effective by improving the structure and mechanisms by which they are carried out.

C. OBJECTIVES AND FUNCTIONS OF THE DEPARTMENT

1. GENERAL OBJECTIVES

The Department of Community Development will strengthen the capacity of State and local general purpose government and areawide and regional agencies to undertake programs of balanced growth and development in a manner responsive to citizen needs. The establishment of this Department recognizes the interrelationships among rural, suburban, and urban problems and the need to strengthen the essential social and economic partnership between the towns and villages of rural America and our great metropolitan areas. This Department must assist rural America to share in the Nation's affluence and growth, as well as coordinate programs for a livable urban America.

Similar and interdependent programs assisting community development should be located in a single department. This facilitates the delivery of assistance to States and localities by permitting the formulation of consistent program policies, procedures, and requirements. It also gives the Federal Government a clearer perception of national community development needs. This, in turn, should lead to more responsive Federal laws, policies, and priorities in meeting these needs. At present, assessment of national needs in this broad area depends on the perceptions of dispersed program managers in a number of departments and agencies, none of which are clearly focused on the total problem of community development.

2. MAJOR FUNCTIONS

The Department of Community Development will be concerned with the total problem of planning and developing the best communities possible. The specific functions of the Department are as follows:

1. To strengthen public and private community institutions through the provision of financial and technical assistance to States, areawide agencies, and localities in order to enhance their capacity to coordinate and manage public services, and to plan for growth and development. This function recognizes the need for responsible institutions through which local communities will be able to make decisions, expand the levels of economic activity, allocate resources, and establish goals and priorities.

The focus of such assistance will be on State and local general purpose government—particularly, the office of the chief executive. Recognizing that balanced growth and development depend upon expanded regional and areawide cooperation and program coordination, the Department of Community Development will also seek to strengthen

interlocal government institutions such as councils of government on which such comprehensive development depends.

2. To encourage and assist citizens, private groups, voluntary organizations, and private economic entities to contribute ideas, skills, and resources to solving community problems and meeting community needs.

3. To provide financial and technical assistance to public and private institutions for the planning, financing, construction, and maintenance of certain basic community facilities such as water and waste disposal facilities, as well as libraries, parks, and open space; for the revitalization of deteriorating neighborhoods and for meeting the special developmental needs of rural areas. This function includes the provision of electric power and telephone services in rural areas and the coordination of rural development with the development of related urban growth centers.

4. To provide assistance for the development of balanced and integrated transportation systems for communities. This function includes highway construction grants for communities and interstate highway networks linking communities, safety improvements, urban mass transportation assistance, and support for overall State and local transportation planning.

5. To support a broad range of activities for the planning, financing, construction, rehabilitation, maintenance, and management of housing, pursuant to the national goal of providing decent housing for every American.

This function includes departmental leadership in formulating national policies that will encourage private construction of decent housing at prices citizens can afford, assuring the availability of housing credit in rural areas, and operating programs of housing subsidies for urban and rural families with incomes too low to afford decent, safe, and sanitary housing.

6. To implement certain community disaster assistance and relief programs on behalf of the Federal Government.

7. To design and conduct basic and applied research on community development and related matters.

In carrying out all of the above functions, the Department of Community Development will undertake programs of research, demonstration, and training. It will give particular attention to the impact of community development on the national economy and markets for private capital, and will assist States, localities, and public and private sponsors of housing and community facilities in meeting demands for private investment. The Department will also assist in the planning, financing, and development of new communities.

3. ADVANTAGES OF CREATING A NEW DEPARTMENT

The creation of a new Department of Community Development will provide an effective framework for resolving the current problems of fragmentation and duplication. Through this Department, a coordinated Federal response to the problems of community growth and development will be possible. In addition, the proposed departmental structure will make it possible to determine accountability for performance and to overcome obstacles to leadership and initiative which presently exist in the community development area.

Beyond these general considerations, the creation of a new Department of Community Development promises various specific advantages, such as:

- Providing a central point in the federal system for formulating policy, advising the President on community development, transportation, and housing problems and needs, assigning accountability for Federal performance, and reducing jurisdictional disputes and the need for interagency coordination.

An example cited by an official from Little Rock, Ark., illustrates the clear need for a central point of responsibility. The community's plans called for Federal assistance requests in economic development and transportation. The first application went to the Economic Development Administration regional offices but was returned to Little Rock for a review by the local HUD office on its urban renewal impact. The second request was sent to the Department of Transportation in Washington and later was returned to the same local HUD office for review and concurrence. Placing these programs in a single agency will reduce the burdensome and time-consuming job of securing clearances from an outside agency for community programs that are not that agency's primary responsibility.

- Establishing a better balance between rural and urban areas in terms of Federal concern and resource allocation.

There is no neat dividing line between "urban" and "rural." Small towns and rural communities have many of the same problems as large cities. Moreover, with the passage of time, many smaller communities become urban in character. The decline of rural communities and the overcrowding of urban areas are parts of the same problem. Thus, there is no rationale for splitting the Federal response to the needs of communities based on size alone. Solutions must be tailored to the specific needs of each community which relate to factors other than size. Concentrating programs to assist rural communities in a single department, however, will help to accelerate development of rural communities.

- Assuring that development of physical aspects of an area are planned within the context of total community needs.

The new Department, by offering a broad range of programs—transportation, housing, and community facilities and services—aimed at total community development needs, will move away from the narrow functional orientation which currently exists. In many communities, the pattern of development is determined by the arterial transportation system. In others, the key factor may be sewer lines or housing developments. A single department will be capable of working with State and local governments from overall planning through execution of community development activities.

4. PROGRAMS OF THE NEW DEPARTMENT

Within the new Department, there are logical groupings of programs. For example, urban and rural development programs include two broad areas. One would be assistance to State and local governments and private institutions. This would include programs of grants for planning and management, designed to build the capacity of State and local government to develop and carry out their policies and programs. It would also include programs to encourage and assist citizen involvement in community development efforts and to direct attention to the needs of poor and minority groups in community decisionmaking. Model Cities, community action and special impact programs, and disaster assistance are included in this category.

A second grouping would cover assistance for development of the physical community. This would include such programs as urban renewal, water and waste disposal, open space, regional economic development programs, and rural electric and telephone facilities. Assistance for electric and telephone facilities are included with the others in this group because they are basic to viable communities in rural areas.

The community transportation programs include two closely linked programs: highway development and urban mass transportation. The major elements of intercity and interstate highway systems are in place so that the major thrust of the highway program is now more local in nature, being more focused on providing balanced community and areawide ground transportation. The linkage with mass transportation is vital inasmuch as, in all except major metropolitan areas where rail systems are feasible, mass transportation systems are highway based.

In housing, again, there are two distinct but compatible groupings. In one would be the activities related to production of housing (including loans, grants, mortgage insurance, and subsidy contracting). The other set of activities relates to Federal responsibility for assisted housing once it is completed. This would include payment of subsidies and the management and disposition of acquired housing.

The following transfers are planned from existing agencies to the broad functional areas of the new department:

Urban and Rural Development

HUD:

- Urban Renewal
- Model Cities
- Water and Sewer Facilities
- Open Space
- Neighborhood Facilities
- New Community Programs
- Planning Assistance
- Relocation

Commerce:

- Public Works and Related Community Development Programs
- Regional Commission Oversight

USDA:

- Water and Waste Disposal Programs
- Rural Electric and Telephone Systems
- Rural Community Research and Planning
- Rural Telephone Bank

HEW:

- Library Construction Grants

OEO:

- Community Action Program
- Special Impact Program

SBA:

- Residential Disaster Loans

Community Transportation

DOT:

- Federal Highway Programs (excluding motor carrier safety)
- Urban Mass Transportation Programs

Housing

HUD:

- Mortgage Insurance
- Government National Mortgage Association Programs
- Housing Subsidies
- Housing Management
- Property Disposition

USDA:

- Rural Housing

Federal Insurance

HUD:

- Flood Insurance
- Riot Reinsurance
- Crime Insurance

The initial organization of the Department of Community Development will reflect its mission while taking into account the integrity of existing agencies and organizations which are transferred into the new Department. Realignments will be made only when such changes will substantially contribute to the effectiveness of the new Department. For example, the functions of the Farmers Home Administration transferred to the Department cover two basically distinct objectives. The largest is assistance for rural housing. To minimize problems of coordination with the housing programs transferred from HUD, these programs will be placed under a single housing administration. In creating this broad-based unit, measures will be taken to assure continued recognition of the special problems of housing in rural areas. For example, the system of county offices established under the Farmers Home Administration is being retained in order to serve the needs of rural residents most effectively.

The second broad category of present Farmers Home Administration assistance is for community water and waste disposal facilities. This activity will be placed with similar programs from other agencies under the Urban and Rural Development Administration, where a major emphasis will be placed on the development of rural communities. These programs will also continue to be administered out of the county offices now in the Farmers Home Administration.

D. MANAGEMENT AND ORGANIZATION OF THE DEPARTMENT

1. BASIC MANAGEMENT STRUCTURE

The organization of the Department contemplates—(1) strong national level leadership and coordination through line program administrators who head groupings of related functions and the Under and Assistant Secretaries; and (2) strong local level program leadership and coordination through the decentralization of operations to regional directors and the subregional organization. Program authority will flow from the Secretary to the program Administrators to the regional directors. An overall organization chart appears on page 57.

The overall management team of the Department of Community Development will be headed by the Secretary and Deputy Secretary and includes the three major program Administrators, two Under Secretaries, four Assistant Secretaries, and the General Counsel.

a. The Secretary.—The position of the Secretary of Community Development is to be created with full power and authority over the organization and management of the Department and with full power

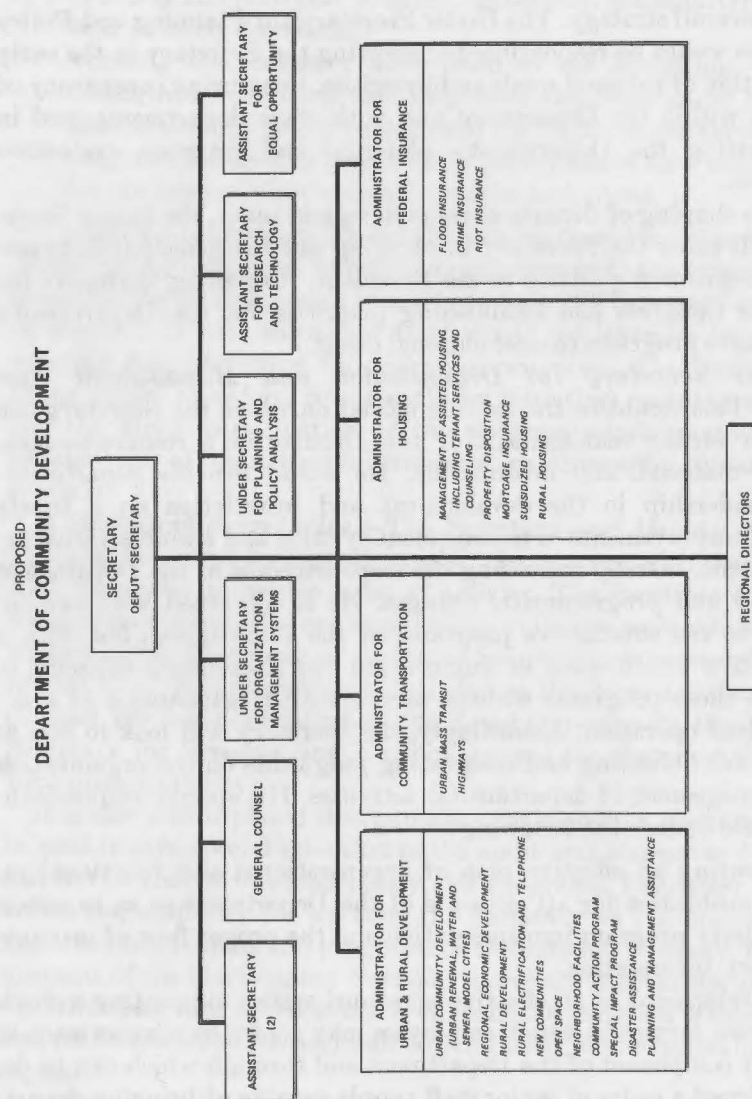
of delegation. He will thus be in a position to organize the Department in the way best suited to accomplishing its purposes. The Secretary will have the authority (subject, of course, to the limitations of authorization and appropriations acts) to allocate the funds, personnel, and other department resources to implement Federal programs. The authority and flexibility of this position would permit the Secretary to mold and adapt the Department so that it will be responsive to national interests, and changing needs and conditions. He will be empowered to assign responsibilities and delegate authority so that his departmental subordinates can effectively administer the programs of the Department. Lines of control and points of accountability will thus be clearly established by the Secretary, pursuant to his wishes and needs.

b. The Deputy Secretary.—Because a substantial part of the Secretary's time and attention must be devoted to relationships external to departmental management, a strong role is visualized for the Deputy Secretary as the second ranking official in the Department and the Secretary's "alter ego" on all matters affecting the Department. The exact duties and functions of the Deputy Secretary will, of course, depend on the wishes of the Secretary.

The Deputy Secretary is expected to be closely involved in matters of internal management, but his responsibilities will not be limited to day-to-day operating decisions. Rather, it is contemplated that he will be responsible to the Secretary for insuring that policy decisions are translated into action. The key role played by the Deputy Secretary in the management of the Department can be underscored by indicating some of the responsibilities which could be discharged by the Deputy Secretary on behalf of the Secretary:

- Developing the overall operational guidelines of the Department; deciding what resources are needed to carry out the Department's programs; how those resources can be obtained, and how they can be deployed most effectively.
- Assuring that the Department's management structure—its organization, management systems, financial controls, and operating guidelines—effectively relates to and supports the policy objectives of the Department.
- Integrating and coordinating the efforts of the line and staff elements of the Department, maintaining effective channels of communication among these officials and between them and the Secretary.

c. The Under Secretaries.—Two Under Secretaries are proposed so that the Department will have strong, crosscutting managerial capability independent of the more narrowly defined interests of the four program administrators:



FEBRUARY, 1972

Under Secretary for Planning and Policy Analysis.—A major responsibility of the Secretary will be the planning, development, and evaluation of policy and programs. Accordingly, it is important that the Secretary be served by a single official of appropriate rank, who can provide continuous staff leadership in formulating the Department's overall strategy. The Under Secretary for Planning and Policy Analysis would be responsible for assisting the Secretary in the early recognition of national needs and priorities, in assuring consistency of policies within the Department and with other departments, and in coordinating the Department's planning and program evaluation processes.

In the shaping of departmental policies and plans, the Under Secretary will assist the Secretary in carrying out his principal responsibilities—providing advice to the President, furnishing testimony before the Congress and establishing priorities for the Department's substantive programs to meet national needs.

Under Secretary for Organization and Management Systems.—This would be the leading official on whom the Secretary can rely for strong management of the Department's resources—men, money, material, and information. He would provide department-wide leadership in the development and installation on a timely basis of improvements in management systems and administrative arrangements, thereby increasing the responsiveness of the Department to policy and programmatic changes. He is concerned with and involved in the substantive programs of the Department, but with a perspective which aims at augmenting the Secretary's capacity to manage those programs without sacrificing the advantages of a decentralized operation. Accordingly, the Secretary will look to him as a force for balancing and integrating judgments on the organization and management of departmental activities. His specific responsibilities would include the following:

- Assuring an effective plan of organizational and functional responsibilities for all elements of the Department so as to assure orderly program implementation and the proper flow of management information.
- Development of an effective personnel system supporting a single career service in which employees may aspire to advancement in any component of the Department and through which can be developed a cadre of senior staff people capable of bringing departmentwide perspectives to their work.
- Development of budget, costing, ADP, and other systems which serve the entire Department and which will permit data, wherever originated, to be used for departmental purposes with assurance as to their meaning and reliability.

- Improvement of program implementation, including adequate administrative support, and the development of techniques to utilize fully resources available in the Department.
- Design of an effective communication system to support the flow of timely and pertinent information between headquarters and the field in both directions.
- Assuring the necessary integration of the budgeting, financial management, auditing, and inspection functions under his jurisdiction with the policy functions of the Under Secretary for Planning and Policy Analysis, so that performance data may be used for reassessing departmental policies and plans.

Under this concept the Under Secretaries would be principal staff officers rather than links in the chain of command. Accordingly, their broad functional assignment would be to assist the Secretary in matters of departmentwide scope, but they would not exercise line control over the Administrators for operating programs. The Under Secretaries would, therefore, rely greatly on initiating coordinated action and the direct participation of the program administrators in the formulation of departmental resource requirements, systems, and controls.

d. Assistant Secretaries.—The Secretary and Deputy Secretary will also be served by several assistant secretaries, with departmentwide functions in specific areas of activity. The functions for which the assistant secretaries are responsible, while less comprehensive and broad ranging than those of an Under Secretary, are crosscutting and related to all program groups. Included at this level are the General Counsel, the Assistant Secretary for Equal Opportunity, the Assistant Secretary for Research and Technology, and the Assistant Secretary for Financial Policy.

It is also contemplated that two assistant secretary positions would be used to give special attention to the audit and inspection functions and to the area of financial policy and programs. The latter area involves responsibility for advising the Secretary on the impact of the Department's policies and programs on the national economy, for management of the Government National Mortgage Association and various other loan fund operations for which the Department is responsible, and for assistance to States, localities, and other public bodies in raising capital.

e. Program Administrators.—Programs are to be grouped into three major organizational elements, each under the direction of an Administrator. These are Urban and Rural Development Administration, Community Transportation Administration, and Housing Administration. In addition, there will be a Federal Insurance Admin-

istration which will be substantially smaller than the others and more specialized in nature.

In general, the three major program Administrators would, along with the Secretary, Deputy Secretary, Under Secretaries, and the Assistant Secretaries comprise the top management team of the Department. The Administrators report directly to the Secretary and are each responsible for a broad, major purpose-oriented organizational grouping, which includes all of the activities and programs of the Department which serve that purpose. An Administrator is a line official responsible for carrying out a major national objective(s), including the planning and organization of his programs, the establishment of goals, priorities, and schedules, and the monitoring and evaluation of performance and implementation. Program authority and direction will flow from the Secretary to the Administrators.

It is expected that the Secretary will delegate to the maximum reasonable extent to his Administrators the authorities and resources necessary to carry out the program goals of the Department.

Normally, program implementation is the responsibility of the field structure, with the respective roles of the Administrator and field official defined by the Secretary. Each Administrator will, however, have under him a broad range of subordinate activities which can be organized in different ways. Within his delegation from the Secretary, the Administrator would set up both line and staff groups under him to which he may redelegate authority. He would generally delegate substantial authority to regional directors for effective implementation of programs. In the case of the Federal Insurance Administration, however, there will be an exception to this rule, because of the centralized nature of the Federal role.

Urban and Rural Development Administration.—The Urban and Rural Development Administrator will be responsible for all programs of the Department which are designed to assist the basic physical facilities and institutional development of communities. This official will be responsible for three broad groups of activities.

The first would be public planning and management in which the primary objectives are: (a) Assisting State, area, and community planning activities; and (b) improving the capabilities of governments. These include planning assistance programs, administration of planning requirements, intergovernmental relations, and technical assistance to States and communities.

The second area is development assistance, including programs providing financial assistance for physical development, excluding transportation and housing. This includes both loans and grants to urban and rural areas. It includes both the proposed urban and rural com-

munity special revenue sharing programs, plus other categorical grant and loan programs such as the water and waste disposal programs of the Farmers Home Administration, the programs of the Rural Electrification Administration, Rural Telephone Bank, library grants, urban renewal, open space land grants, neighborhood facilities grants, and the group of programs encompassed in the new communities development program. Not only are these programs similar in substance and intent, so that similar skills are required in their administration, but in many instances they will operate together to help carry out a community's overall plan.

The third grouping under the Administrator for Urban and Rural Development covers the "social development" activities and the development of private organizational capabilities. These include the community action program, the special impact program of OEO, Model Cities demonstration program, disaster assistance activities (which are both social and physical), and relocation policies and procedures for all Department programs.

The Deputy Administrator will have special responsibility for rural development and will be in charge of an Office of Rural Development that will carry out planning, evaluation, and research directed at the special development needs of rural communities.

Community Transportation Administration.—The Community Transportation Administrator will be responsible for the large transportation component of community development. This will include programs transferred from the present Federal Highway Administration (excluding motor carrier safety) and the Urban Mass Transportation Administration. These activities have a direct and major impact on community development, since the local and regional transportation system is a key element in a viable community. It is, in fact, a fundamental shaper of the community. It can serve to create or define communities, neighborhoods, and service districts—or can destroy them. Over the years, efforts to coordinate highway and transportation planning with community development planning have been frustrated by organizational fragmentation at the Federal level. This has prevented the melding of transportation and community development policy which is necessary to realize the beneficial potential of highways and mass transportation for community development. The Department of Community Development can provide this unified policy control.

At the same time, however, unlike water and sewer grants, for example, transportation programs have an impact beyond the community and must be integrated with statewide and national systems. Thus, transportation activities will be maintained as a single grouping and assigned to a single Administrator. This official will be responsible not only for the transportation programs themselves, but for

facilitating the integration of transportation systems into State and local development objectives. This will include coordination with national transportation systems in order to assure, for instance, that airport location and access facilities are integrated with local and areawide plans.

Housing Administration.—The Housing Administrator will be responsible for two functions:

Housing production covers the direction of all housing programs through the completion of construction. These would include the mortgage insurance programs, the housing subsidy programs for low- and moderate-income housing, the rural housing programs of Farmers Home Administration, and the low-rent public housing program.

Housing management covers all matters relating to Department-assisted housing after completion of construction. This would include loans and mortgage servicing, housing management, and improvement of public housing, operation and disposition of Government-held housing, and tenant assistance services and counseling.

Federal Insurance Administration.—The Federal Insurance Administrator will be responsible for three programs involving Federal insurance or reinsurance. These are flood insurance, riot reinsurance, and crime insurance. In contrast with the other program Administrations, the Federal role in these activities is highly centralized. There is little or no involvement by Federal employees in the field, since the programs operate through private insurance companies. The Administrator will be responsible for establishing and maintaining contact with these firms, assuring that their operations are responsive to the national interest in the area of specialized insurance.

2. FIELD ORGANIZATION

a. Regional Organization.—The departmental regions will conform to the 10 Standard Federal Regions established by the President by Executive order on March 19, 1969. The field organization, in general, and the regional director, in particular, have unique importance for the Department of Community Development. To a much greater extent than most all other Federal departments, activities of the Department of Community Development bear on local governmental functions. The particular mission of this Department relates to strengthening local government's capacity for formulating and carrying out strategies of development in a manner responsive to local institutional and citizen needs. Thus, in implementing its program responsibilities, the Department of Community Development has a peculiar need to "decentralize." Programs must be coordinated at the State and local levels—and the coordination and implementation of programs must be suited to the particular needs, problems, and oppor-

tunities of each community. Communities must be encouraged to create areawide comprehensive development strategies and to fit categorical program assistance for planning, management, development, community services, housing, and transportation into these strategies.

The organization contemplates a departmental field structure headed by strong regional directors. This is in keeping with the general objectives of the broad departmental reorganization—to strengthen responsible management and to base the internal organization of each department on major purposes. A chart illustrating this organization appears on page 64.

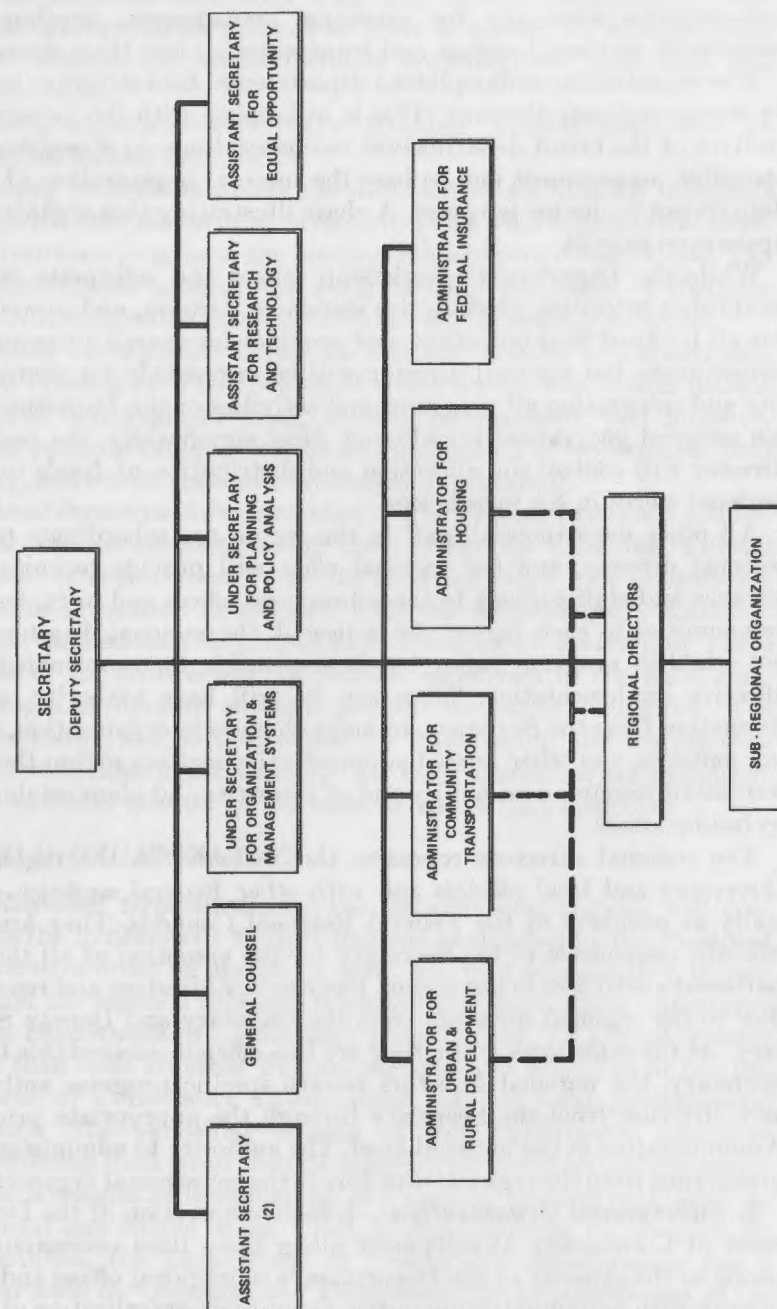
While the Department's leadership makes and interprets policy, establishes priorities, promulgates standards, criteria, and procedures for all levels of field operation, and provides for overall program administration, the regional director will be responsible for coordinating and integrating all programs and activities of the Department in his assigned geographic jurisdiction. Most significantly, the regional director will control the allocation and distribution of funds to subregional offices in his jurisdiction.

All other departmental staff in the region are subordinate to the regional director, and the regional office will provide technical assistance and staff support to the subregional offices and to States and communities in each region. As indicated, the regional director does not establish program policy but is responsible for coordinated and effective implementation. Therefore, he will have authority, under delegation from the Secretary, to make changes in organization, staffing patterns, and other related administrative matters within the limitations of resource availability and of priorities and plans established by headquarters.

The regional directors represent the Secretary in the regions to Governors and local officials and with other Federal agencies, especially as members of the Federal Regional Councils. They are line officials, responsible to the Secretary for the execution of all the Department's activities in the region. Basic policy direction and resources flow to the regional directors from the Secretary and Deputy Secretary. At the same time, while they are line officials, accountable to the Secretary, the regional directors receive specific program authority and direction from the Secretary through the appropriate program Administrators at the national level. The authority to administer programs runs from the regional directors to the subregional organization.

b. Subregional Organization.—Effective operation of the Department of Community Development along these lines necessarily depends on the capacity of the Department's subregional offices and staff to work with individual communities. Genuine decentralization of Federal authority is perhaps more important for this process and these

DEPARTMENT OF COMMUNITY DEVELOPMENT FIELD-HEADQUARTERS RELATIONSHIP



programs than any others. Such program administration will be the primary focus of the Department's subregional offices. The regional director and his supporting staff at the regional level thus have special responsibilities for this Department—to allocate program funds to subregional offices and to individual States or cities on the basis of fund availability in each separate categorical (national) program *and* on the basis of the community development strategies for each of the States and localities in the region. They also provide support and technical assistance to both the recipients and the Department's subregional staff.

The Department's field organization, under the regional director, is the operating arm of the Department. The Department's day-to-day program decisions and operations are made and carried out at the subregional level, subject to the direction, guidance, assistance, and evaluation of the regional office. Subregional offices are responsible for operating and decisionmaking functions in the field and are the Department's principal points of contact with program participants and sponsors. The directors of the subregional offices are responsible to the regional director for the supervision and direction of their offices. They are responsible for the management and execution of the programs and functions assigned them in accordance with law and regulation, and the policies, procedures, and criteria established by the appropriate program Administrators.

Subregional organization would follow two main lines and, generally, would be established on a State-by-State basis. There would be a State office responsible for all nonhighway departmental programs and one responsible for highway programs. Because of the very effective relationships established over the years, the State offices of the highway program division engineers will be maintained as distinct entities, although the main subregional departmental offices and the division engineers' offices would be co-located wherever practicable. The two offices would be closely coordinated.

The Director of a departmental subregional office would have full authority over all Department personnel and activities in his jurisdiction. He would reflect a generalist approach to community development needs and problems. Under this concept, the subregional offices would deal with the problems of specific communities as a whole, using the range of Department programs to provide a package of assistance suited to the needs of the community.

Directors of the subregional offices would have full authority to operate the programs of the Department which are decentralized to the field, including the authority to approve specific projects and to authorize financial and other assistance without referral to a higher level. He would operate under the direction of the regional director,

and in accordance with the procedures, policies, and guidelines established by the appropriate program Administrators.

Below the subregional offices would be local Federal Housing Administration insuring offices and the local offices established under the Farmers Home Administration. The latter offices would continue to administer the rural housing and community facilities programs transferred from the Department of Agriculture; in addition they would continue to administer the FHA farm loan programs as an agent of the Department of Agriculture for as long as the arrangement proves effective. In addition, it is expected that, in general, the county office would provide the primary contact in rural areas and communities for the other housing and community facilities programs of the Department of Community Development.

c. Advantages of the Proposed Field Organization.—Briefly, the advantages of this field organization are as follows:

- Emphasis is placed on the role of States, areas, and localities;
- A unified approach to local and community problems is encouraged;
- Regional headquarters is freed from detailed day-to-day program operations and can emphasize coordination with other Federal agencies, the development of State and local program strategy, and the evaluation of subregional performance;
- Significant field input into the headquarters budget, policy, and resource allocation systems is realized;
- The concept is flexible—new activities can be added, present ones changed or eliminated, relatively easily;
- Management, coordination, and evaluation activities are emphasized;
- The number of field officials reporting to the Secretary is limited;
- Field activities are focused under one individual, who is given the necessary authority and resources, and can be held accountable for his performance;
- A focal point for strong liaison with States and other Federal agencies in the field is provided; and
- Clear and direct channels of authority in the field are established.

3. SELECTED MANAGEMENT CONCEPTS

To give added substance to the general organizational structure, it is useful to describe in broad outline a few specific concepts to illustrate how the Department's management system should function. The central theme of each of these concepts is highlighted below:

- **Manpower and Personnel.**—Manpower will be the most important resource of the Department. The development, deployment, and utilization of manpower will be major responsibilities of the Sec-

retary and Deputy Secretary, relying heavily on the advice and assistance of the Under Secretary for Organization and Management Systems. A key element will be the development of a comprehensive plan for keeping employees informed of changes and events which will affect them. This is vital in the long run, as well as during the transition to a new Department. Equally important will be the establishment of a departmentwide manpower system, permitting employees to develop their full potential by working in various programs or crosscutting functions. Employees will have greater opportunity to move from, for example, housing to the broader development fields (or vice versa) as their special abilities match the changing needs of the Department.

- **Planning and Evaluation.**—At a different level, planning and evaluation will be established as primary responsibilities of the top management of the Department, including the Secretary, Deputy Secretary, Under Secretary for Planning and Policy Analysis, program administrators, and regional directors. Staff elements will be given an advisory and supportive role. The integration of long- and short-term planning is essential. Both are dynamic processes keyed to results of current evaluations to assure their validity, relevancy, and realism. Both planning and evaluation are oriented toward concern with resources, objectives, goals, organization, and the other factors having a bearing on program success or failure. The planning process provides boundaries within which managers can operate, such as specifying the housing that should be produced and the resources available for the objective. The evaluation system focuses on the quality of performance and the identification of preventive action, such as examining the probable cost per unit of housing under alternative methods of production. The overall approach establishes an attitude and conceptual framework for the construction of approaches, tailored to the special needs of the Department, that will reinforce decentralization and encourage creativity.

The creation of the Department itself will encourage an evaluation process that permits broader and more comprehensive assessments of the impact of Federal programs to be undertaken within a single department. The resulting evaluation system will be responsive to the needs of the Congress as well as the executive branch.

- **Budget Preparation.**—Within the context of the planning system described above, budget preparation is an integral part of the planning process, determining, for example, the resources in men and money which will be needed to achieve housing production (or any other) objectives in a specified period. It is a major

element in the development of the short-term plan, but may involve such supplemental data and reviews as are dictated by need. This assures that the annual budgets are consistent with current and longer range plans.

- *Audit, Inspections, Investigations.*—These functions are concerned with determining what actually happened as contrasted with the effort to look ahead that is the focus of the planning and evaluation process. These activities take on a new importance in a highly decentralized organization. Particular attention will be given to the opportunity for simplification and reduction of requirements with the enactment of revenue sharing. Throughout, increased reliance will be placed on local efforts with Federal audit and inspections taking on the role of assuring that adequate financial and program controls are maintained.
- *Grants Management.*—Even with the enactment of the President's revenue sharing proposals, the problem of rationalizing the balance of the grants system must be addressed. Within existing authorities there are a number of changes which could be made that would serve to simplify the present maze of rules and requirements with the result that the effectiveness of existing grants would be significantly improved. For example, the creation of the Department itself will substantially reduce the need for coordination and multiple-agency review of applications. Other steps can be taken to reduce or eliminate detailed project reviews which no longer serve a useful purpose.
- *Co-location and Common Service.*—In order to promote more effective coordination and to make better use of manpower and other resources, the Department will, to the extent possible, co-locate functions in each region and in subregional offices. By bringing all its resources together in each area the Department will be better able to assure the systematic analysis of all the common services at each location and the determination, based on the best interests of the Government, whether or not a multi-user single service such as supply, graphics, ADP, etc., is to be prescribed.
- *Information Systems.*—This is generally thought of as the means by which data on program activity flow from the field structure to the headquarters and up to the Secretary, assuring that program managers and policy officials at each level have access to the information which they need for responsible decisionmaking. Equally important, however, is the fact that information must flow down as well as up throughout the organization. Policy guidance and directives must flow efficiently from the Secretary to the line Administrators and to the field structure with effective feedback from field to headquarters.

The highly decentralized operations of the new Department will necessitate sensitive and effective information systems. This will be a major responsibility of the Under Secretary for Organization and Management Systems. During the transition phase he will have particular responsibility for avoiding conflict and eliminating duplication, while at the same time assuring continuity of information flows. In the longer run he must develop systems that are adaptable to the changing needs of the Department.

4. APROPRIATION STRUCTURE

The new Department of Community Development will require a new appropriations structure, merging and consolidating the accounts now in use for the activities being moved to the new Department. The revised appropriations structure should assist management effectiveness and provide the flexibility to respond to rapidly changing conditions.

To facilitate effective management, the appropriations structure should correspond to the organization of the new Department. Further, it is proposed that appropriations be made to the Secretary, with some appropriation items identified to the level of the first major program grouping of the Department. With the concurrence of the Congress, this would result in a simplification of the appropriations structure and would facilitate legislative review of the President's budget requests.

The existence of many relatively small "pockets" of appropriations, transferred from the existing departments and agencies, could be a handicap to the new Department in integrating its operations, as well as a handicap to the Congress and the public in understanding the Federal budget. It is not the intent of the measures discussed here to freeze an appropriation pattern for all time. An appropriations structure is subject to change by Congress from year to year, and indeed should be changed as programs and organizations are modified.

One means of achieving this objective would be to provide two principal appropriation accounts for each major program grouping of the Department. The first includes financing for day-to-day operating expenses and the other would cover funds for construction, land acquisition, project-oriented research, and certain types of loan and grant activity.

In addition, the financial accounts of the Department will continue to provide separately for the highway trust fund and for the various public enterprise funds transferred to the Department. A working capital fund at the departmental level to finance departmentwide administrative services is also desirable. Service funds could also be established where necessary, to merge accounts which provide for

services performed for others at a charge approximating cost, or which continue earmarking now required by law in connection with programs of the Department.

5. COORDINATION WITH OTHER DEPARTMENTS

The programs of the proposed Department of Community Development will emphasize physical development and institution building. However, it will be necessary to establish appropriate coordination with Federal departments and agencies concerned with social, environmental, and economic programs.

The shift of community-based transportation programs will substantially reduce the coordination now required between DOT and HUD by recognizing that these transportation programs have a major impact on the development of communities. The need to integrate these programs with other community development efforts is, indeed, a strong reason for the new organization. At the same time, however, an element of coordination will be necessary between the Department of Community Development and the Department of Economic Affairs. Local and regional transportation systems must continue to serve national needs as well, and must constitute part of integrated national systems.

At the community level, location and accessibility of airports, railroad stations and facilities, and port facilities are extremely important. All of these elements of national transportation systems must be so planned that they are not disruptive of the community and are melded with the local and areawide highway and mass transportation systems so that transfers of people and goods from national to local transportation systems can be easily and effectively accomplished. Provision is made for such coordination in the departmental legislation.

The growth and economy of rural towns and villages is often dependent on the agricultural economy, and farm areas are dependent on the quality of local community services. This interdependency will require close collaboration between the Department of Community Development and the Department of Agriculture at key points. Collaboration at the grassroots level will be facilitated by the county offices of the Department of Community Development which, in addition to providing community facilities and housing assistance, will continue to make and service the farm loans for the Department of Agriculture.

It will also be necessary to assure coordination with the Department of Human Resources. For example, while grants for construction of schools and hospitals are primarily related to Federal purposes in the human resources area, the programs do have an impact on the develop-

ment of communities. It will be important to assure that this impact is recognized and considered. Similarly, certain community development programs (such as Model Cities and Community Action) will have an impact on human resource objectives. Thus, while the creation of the Department will reduce substantially the need for interagency review and coordination, a certain amount of communication and coordination will continue to be necessary.

6. IMPACT OF REVENUE SHARING

Enactment of the revenue sharing proposals would have a major impact—at all levels—on the operations of the proposed Department of Community Development, although not on housing assistance programs.

Revenue sharing will provide States and localities with the resources and the flexibility to undertake programs of community development suited to their particular needs. Along with the proposed community planning-management grant program, it will also act to improve the capacity of State and local governments to exercise their responsibilities and to enhance their authority to govern. The restructuring of the Federal executive branch, including the creation of a Department of Community Development, parallels this effort to build up States and localities. The reorganization will allow Federal Departments, structured around broad purposes and with decentralized authority, to deal more effectively with the other levels of the Federal system and to implement a more productive and responsive process of community growth and development.

With the enactment of the special revenue sharing proposals, the Department of Community Development (particularly the Urban and Rural Development and the Community Transportation Administrations) would be able to give greater priority to broad policy development and implementation, research, evaluation, and technical assistance and to reduce attention to daily program administration in the form of individual project approvals.

It should be emphasized that while the establishment of a Department of Community Development is an independent initiative, it would complement revenue sharing in this program area. With this new departmental structure, States and localities would be able to obtain assistance for broad and comprehensive strategies of growth, physical development, and institutional improvement from a single department. Moreover, the decentralized authority of this Department will make such Federal community development assistance more accessible to States, areawide agencies, localities, the private economic sector, voluntary organizations, and individual citizens. Thus, the establishment of a Department of Community Development, along the

lines suggested in this report, would combine with the special revenue sharing proposals to improve greatly the delivery of Federal community development assistance.

E. BUDGET AND MANPOWER DATA

The new Department will consist of four program administrations, plus general departmental management and support offices. The following table provides a breakdown of estimated manpower and budget resources based on data in the President's fiscal year 1973 budget.

Fiscal year 1973		
Major components:	Program outlays (in millions) ¹	Employment
Urban and Rural Development.....	\$3,546	11,360
Community Transportation.....	5,115	4,769
Housing.....	² 1,558	11,058
Federal Insurance.....	2	50
General Departmental Management.....	60	2,973
Total.....	\$10,281	30,210

¹ Net of receipts and collections which are offset against outlays.

² Reflects impact of sale of assets.

F. SAFEGUARDS FOR FEDERAL PERSONNEL

The new Department of Community Development will directly involve four of the present Cabinet departments and several independent agencies. Their programs will become a part of the new department.

These changes, while primarily affecting programs, also will affect many Federal employees who will participate fully in accomplishing the reorganization. To that end, current plans include sound provisions to insure that disruption to employees will be kept to an absolute minimum; that cutbacks in staffs, where necessary, will be accomplished by normal turnover; and that actions which could adversely affect employees will be avoided.

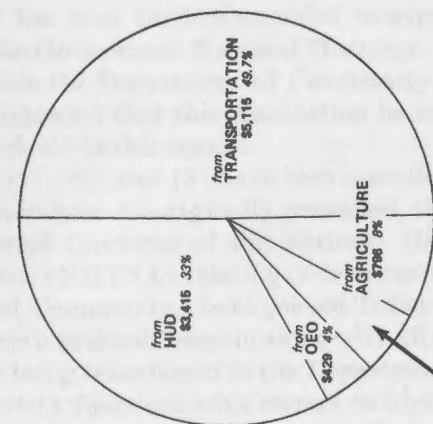
No employee will be separated because of the reorganization.—In addition, the reorganization bills include a provision that no employee will be reduced in classification or compensation as a result of the plan for a period of 1 year after the reorganization becomes effective. All movements of functions and jobs will be governed by current law and Civil Service Commission regulations with full employee protections and appeal rights. From another standpoint, the reorganization can be viewed as improving the range of opportunities for pro-

The Proposed Department of Community Development

BUDGET OUTLAYS

of
Programs to be Transferred
(In Millions)

TOTAL - \$10,281 Million



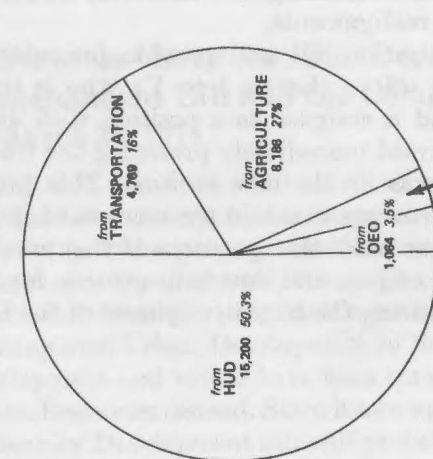
from	COMMERCE	\$237	2.3%
from	SSA	280	2.5
from	HEW	11	.1
from	OEO	3	.02
from	OVERHEAD	16	.14
TOTAL	\$528	5.1%	

ALL DATA - FISCAL YEAR 1972

EMPLOYMENT

of
Programs to be Transferred
(Full-time, Permanent)

TOTAL - 30,210 Employees



from	COMMERCE	270	.9%
from	SSA	10	.03
from	HEW	4	.01
from	OEO	100	.3
from	OVERHEAD	807	2.7
TOTAL	981	3.3%	

FEBRUARY, 1972

motion and career development, as more broadly conceived program management and staff positions evolve in the new departments.

Full consideration is also given to avoiding any adverse impact of reorganization on the existence of union recognition and agreements as a result of possible changes in unit structure that may result from transfers and realignments.

The reorganization bill will provide for salary retention for an executive level officer (Levels I to V) who is transferred to a new department and is assigned to a position with duties comparable to those he performed immediately preceding the transfer, for the duration of his service in the new position. This provision permits the proposed departments to retain the services of its experienced executives, who might seek other positions if they were to suffer a loss in executive level or pay, and thus help provide for essential continuity of operations during the formative phases of the Department.

SUMMARY OF REVISIONS

Analysis of Differences Between the Department of Community Development Bill and the Comparable Bill Submitted on March 25, 1971

This bill is identical with the earlier bill except as noted herein—

1. Section 301(a) has been amended so as to provide that the college housing and related facilities program shall be transferred to the Department of Community Development. Originally, this program would have been excluded from the programs transferred from the Department of Housing and Urban Development to the Department of Community Development and would have been transferred to the Department of Human Resources instead. Since it now appears that the Department of Community Development bill will probably be enacted prior to the enactment of the Department of Human Resources bill, it is deemed advisable to transfer this program to the Department of Community Development until the Department of Human Resources is formally established. (The Department of Human Resources bill will, of course, have to be amended after the enactment of the Department of Community Development bill to accomplish the transfer of this program to the Department of Human Resources.)

2. Section 301(a) has been further amended to expressly provide for continuance of the Government National Mortgage Association as a statutory unit within the Department of Community Development. It has always been intended that this Association be continued. This change obviates any doubt in this regard.

3. Section 301(c) (1), (2), and (3) have been amended with respect to highway safety functions. As originally presented, these provisions would have transferred functions of the National Highway Traffic Safety Administration (NHTSA) relating to driver safety and vehicle to the Department of Community Development. It has now been concluded that these functions should remain along with all other NHTSA programs which are being transferred to the Department of Economic Affairs. However, safety functions with respect to highway construction and highway traffic control, that are now performed by the Federal Highway Administration, will continue to be transferred to the Department of Community Development, along with all other Federal Highway Administration programs.

4. Section 301(c)(2)(N) has been amended to update the United States Code citation.

5. Section 301(e)(2) has been revised by inserting the words "and social." This, plus a companion change in section 301(b)(2) of the Department of Human Resources bill, will result in the transfer of the entire Economic Development Division of the Economic Research Service of the Department of Agriculture to the Department of Community Development. Under the original bills the Human Resources Branch of that Division would have been transferred to the Department of Human Resources. Inasmuch as enactment of the Department of Community Development bill is expected to occur prior to the enactment of the Department of Human Resources bill, a sequencing problem would be created with respect to the 22-man Human Resources Branch if it is retained in the Department of Agriculture after the Department of Community Development comes into existence. The Branch's research effort is related to other rural community development programs in the Department of Community Development but it is not related to activities that would remain in the Department of Agriculture. (It is intended that the branch be transferred to the Department of Human Resources when that Department is established.)

6. Section 301(e)(4) has been deleted. This provision, which would have transferred certain functions of the Soil Conservation Service to the Department of Community Development, was inadvertently left in the Department of Community Development bill after a decision had been made to transfer all functions of the Service to the Department of Natural Resources.

7. A new paragraph (4) has been added to section 301(e) to provide for the transfer of the functions of the Rural Development Service to the Department of Community Development. This is a technical amendment. The Rural Development Service was established subsequent to the transmission of the original bill to the Congress. The functions of the new Service are those which would have been transferred to the Department of Community Development. In the absence of this amendment, rural development functions would remain with the streamlined Department of Agriculture, rather than being transferred to the Department of Community Development as planned.

8. A new paragraph (5) would also be added to section 301(e) to provide for the transfer of the Rural Telephone Bank and its functions to the Department of Community Development. As with the Rural Development Service, the Bank was established subsequent to the transmission of the original bill. Unless this amendment is adopted,

the functions of the Bank would remain in the Department of Agriculture.

9. Section 301(f) has been slightly revised to clarify the intended division of functions under the Public Works and Economic Development Act of 1965 between the Department of Community Development and the Department of Economic Affairs. (See section 302(b)(2) of the Department of Economic Affairs bill, as revised.) This is a clarifying amendment.

10. Section 301(g)(3) has been deleted. That paragraph would have transferred the functions of the Federal Cochairmen of the regional commissions established under Title V of the Public Works and Economic Development Act of 1965 to the Secretary of Community Development. Deletion of this provision means that the Federal Cochairmen will continue to be appointed by the President and continue to perform the same functions that they now perform. The only change will be that they will report to the Secretary of Community Development rather than to the Secretary of Commerce.

11. Section 301(h) has been revised so as to accomplish the same result with respect to the Federal Cochairman of the Appalachian Regional Commission. In effect, the Federal Cochairman of that Commission will continue to be appointed by the President and will continue to perform the same functions that he now performs. The only functions under the Appalachian Regional Development Act of 1965 that would be affected by this bill are functions of the Secretary of Transportation under section 201. These functions relate to highways and would be transferred to the Secretary of Community Development.

12. A new subsection (k) has been added to section 301. It would require the Secretary of Transportation (and, when the Department of Economic Affairs is created, the Secretary of Economic Affairs) to consult with the Secretary of Community Development in developing the national airport system plan and criteria for planning airport locations and access facilities. This is a recognition of the need for assuring maximum compatibility of airports with planned community and areawide development.

13. Section 412, relating to the acquisition of special purpose facilities, has been rewritten to clarify its purpose and to assure the preservation of the present role of the General Services Administration with respect to the acquisition of other facilities. This is considered to be a technical revision of this section.

14. Section 413 has been slightly revised but the changes are technical and self-explanatory.

15. Former section 417, relating to printing, has been omitted in response to congressional preference to maintain the *status quo* with respect to printing authority.

16. Section 426, relating to no-year appropriations, has been deleted in view of congressional preference to deal with this matter in other legislation.

A BILL

To promote more effective management of certain related functions of the executive branch by reorganizing and consolidating those functions in a new Department of Community Development and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Department of Community Development Act".

TITLE I

Declaration of Purpose

SECTION 101. (a) (1) The Congress hereby declares that the general welfare of the Nation requires the development, through growth and renewal, of urban and rural communities which provide for all citizens wholesome living environments and responsive, equitable, and effective service to their varying needs.

(2) The Congress further declares that the attainment of sound community development requires the active participation of citizens, private institutions, and local, State, and Federal governments to achieve and maintain, among other things, (A) effective and responsible community government, (B) communication and cooperation between citizens and government, (C) necessary community facilities and services, and (D) an adequate housing supply.

(b) To achieve these objectives and improve Government operations, the Congress finds that it is in the public interest to establish a Department of Community Development to bring together and provide common leadership to those Federal activities that bear most directly on, or importantly affect, these objectives, and to effectively coordinate such Federal activities with related activities of States and local governments, public and private institutions, and individuals.

(c) It shall be the function of the Department of Community Development, through effective working relationships with State and local governments and public and private institutions, including private business organizations, to assist in the coordinated planning and development of communities which assure to all citizens a safe, wholesome environment and the opportunity to participate fully in the

responsibilities and benefits of community life. In carrying out that function the Department shall, among other things: encourage and assist the development and management of institutions and processes essential to responsible, responsive and effective community government; encourage and assist citizens, private groups and organizations to contribute ideas, skills and resources to solving community problems and meeting community needs; provide assistance in the planning, financing, construction and rehabilitation and maintenance of housing, balanced transportation systems, and other community facilities and services conducive to a safe and wholesome environment for all citizens; assist research, development, management, and training activities designed to foster new, better and more economical means of dealing with the housing and other problems of community development and government; and implement disaster assistance and relief on behalf of the Federal Government.

TITLE II

Establishment of Department

SECTION 201. There is hereby established at the seat of Government an executive department to be known as the Department of Community Development (hereinafter referred to as the "Department"). There shall be at the head of the Department a Secretary of Community Development (hereinafter referred to as the "Secretary") who shall be appointed by the President by and with the advice and consent of the Senate. The Secretary shall receive compensation at the rate now or hereafter prescribed for offices and positions at Level I of the Executive Schedule (5 U.S.C. 5312). The Department shall be administered under the supervision and direction of the Secretary who shall be responsible for the efficient and coordinated management of the Department.

SEC. 202. (a) There shall be in the Department a Deputy Secretary who shall be appointed by the President by and with the advice and consent of the Senate and who shall receive compensation at the rate now or hereafter prescribed for offices and positions at Level II of the Executive Schedule (5 U.S.C. 5313).

(b) There shall be in the Department two Under Secretaries who shall be appointed by the President by and with the advice and consent of the Senate and who shall receive compensation at the rate now or hereafter prescribed for offices and positions at Level III of the Executive Schedule (5 U.S.C. 5314).

(c) There shall be in the Department an Urban and Rural Development Administration at the head of which shall be an Urban and

Rural Development Administrator, a Community Transportation Administration at the head of which shall be a Community Transportation Administrator, and a Housing Administration at the head of which shall be a Housing Administrator. There shall also be in the Department an Associate Administrator for Highways. The Administrators and the Associate Administrator appointed pursuant to this subsection shall be appointed by the President by and with the advice and consent of the Senate and shall receive compensation at the rate now or hereafter prescribed for offices and positions at Level III of the Executive Schedule (5 U.S.C. 5314).

(d) There shall be in the Department four Assistant Secretaries and a General Counsel who shall be appointed by the President by and with the advice and consent of the Senate and who shall receive compensation at the rate now or hereafter prescribed for offices and positions at Level IV of the Executive Schedule (5 U.S.C. 5315).

(e) There shall be in the Department not more than fifteen additional officers, as determined from time to time by the Secretary, who shall be appointed by the Secretary and shall receive compensation at the rate now or hereafter prescribed for offices and positions at Level IV or Level V of the Executive Schedule (5 U.S.C. 5315 or 5316), as the Secretary may specify.

(f) Officers appointed pursuant to this section shall perform such functions as the Secretary shall specify from time to time.

SEC. 203. The Deputy Secretary (or in the absence or disability of the Deputy Secretary or in the event of a vacancy in the Office of the Deputy Secretary, an Under Secretary, Administrator, Assistant Secretary, or the General Counsel, determined according to such order as the Secretary shall prescribe) shall act for and perform the functions of the Secretary during any absence or disability of the Secretary or during a vacancy in the Office of the Secretary.

TITLE III

Transfers

SECTION 301. Except as this title may otherwise provide—(a) There are hereby transferred to and vested in the Secretary all of the functions of the Secretary of Housing and Urban Development, the Department of Housing and Urban Development, and all officers and components of that Department (including the Secretary's functions with respect to the Community Development Corporation created by section 729 of the Housing and Urban Development Act of 1970 (84 Stat. 1804)) ~~except the functions of the Secretary of Housing and Urban Development under title IV of the Housing Act of 1950~~

~~(64 Stat. 48, 77, 12 U.S.C. 1749 et seq.)~~ and except that *the Government National Mortgage Association is hereby transferred to the Department as a corporate entity and the Community Development Corporation, together with its functions, is hereby transferred to the Department as a corporate entity which shall hereafter be designated as the New Community Development Corporation.*

(b) There are hereby transferred to and vested in the Secretary the functions of the Director of the Office of Economic Opportunity and of all other officers and components of that Office under—

(1) part D of title I of the Economic Opportunity Act of 1964 (78 Stat. 508; 42 U.S.C. 2763-2768); and

(2) title II of the Economic Opportunity Act of 1964 (78 Stat. 508; 42 U.S.C. 2781-2837) except as they pertain to (A) special programs provided for in section 222(a) of such Act (42 U.S.C. 2809 (a)), (B) the research, pilot and demonstration programs provided for in section 232 of such Act (42 U.S.C. 2825), and (C) Indian programs and projects conducted under the authorities of title II of such Act (42 U.S.C. 2781 et seq.): *Provided*, That functions with respect to Senior Opportunities and Services Programs under section 222(a) (7) of such Act (42 U.S.C. 2809(a) (7)) are transferred to and vested in the Secretary.

(c) There are hereby transferred to and vested in the Secretary the functions of the Secretary of Transportation, the Department of Transportation, and the officers and components of the Department of Transportation under—

(1) the following laws and provisions of law relating to ground transportation:

(A) the Urban Mass Transportation Act of 1964 (78 Stat. 302; 49 U.S.C. 1601 et seq.),

(B) the Urban Mass Transportation Assistance Act of 1970 (84 Stat. 962), and

(C) Reorganization Plan No. 2 of 1968 (82 Stat. 1369; 49 U.S.C. 1608 note);

~~(2) the following laws and provisions of law relating to highways and, except as related to highway safety, functions with respect to the highway trust fund:~~

(2) the following laws and provisions of law relating to highways and highway safety, and, as related to those laws, functions with respect to the highway trust fund:

(A) title 23, United States Code, chapters 1, 2, and 3,

(B) the Federal-Aid Highway Act of 1970 (84 Stat. 1713),

(C) the Federal-Aid Highway Act of 1968 (82 Stat. 815),

(D) the Federal-Aid Highway Act of 1966 (80 Stat. 766),

(E) the Federal-Aid Highway Act of 1962 (76 Stat. 1145; 23 U.S.C. 307 note),

(F) the Federal-Aid Highway Act of 1954 (68 Stat. 70),

(G) the Act of September 26, 1961 (75 Stat. 670),

(H) the Highway Revenue Act of 1956 (70 Stat. 387; 23 U.S.C. 120 note),

(I) the Highway Beautification Act of 1965 (79 Stat. 1028; 23 U.S.C. 131 et seq. notes),

(J) the Alaska Omnibus Act (73 Stat. 141; 48 U.S.C. 21 note prec.),

(K) the Joint Resolution of August 28, 1965 (79 Stat. 578; 23 U.S.C. 101 et seq. notes),

(L) section 502(c) of the General Bridge Act of 1946 (60 Stat. 847; 33 U.S.C. 525(c)),

(M) the Act of April 27, 1962 (76 Stat. 59),

(N) Reorganization Plan No. 7 of 1949 (63 Stat. 1070; 5 U.S.C. 1332-15 note, 1964 ed. *Appendix*), and

(O) the Act of November 8, 1966, relating to the Chamizal border highway (80 Stat. 1477), and

~~(3) the following laws and provisions of law relating to highway safety and, as related to functions under those laws, functions with respect to the highway trust fund:~~

~~(A)~~

(P) title 23, United States Code, chapter 4 insofar as it relates to—

(i) the design, construction, and maintenance of highways,

(ii) traffic control devices,

(iii) identification and surveillance of accident locations, and

(iv) highway related aspects of pedestrian safety, and ;

~~(B) title 23, United States Code, section 402 insofar as it relates to grants for highway safety programs not covered by sub-paragraph (A) of this paragraph;~~

~~(4)~~

(3) the Act of August 1, 1947 (5 U.S.C. 3104), to the extent that it authorizes scientific and professional positions which relate primarily to functions transferred under this subsection which were previously transferred to the Secretary of Transportation by section 6(a) of the Department of Transportation Act (80 Stat. 937; 49 U.S.C. 1655(a)); and

~~(5)~~

(4) the following laws and provisions of laws insofar as they relate to the reasonableness of tolls:

(A) section 4 of the Act of March 23, 1906 (34 Stat. 85; 33 U.S.C. 494),

(B) section 503 of the General Bridge Act of 1946 (60 Stat. 847; 33 U.S.C. 526),

(C) section 17 of the Act of June 10, 1930 (46 Stat. 552; 33 U.S.C. 498a),

(D) the Act of June 27, 1930 (46 Stat. 821; 33 U.S.C. 498b), and

(E) the Act of August 21, 1935 (49 Stat. 670; 33 U.S.C. 503 et seq.).

(d) There are hereby transferred to and vested in the Secretary the functions of the Commissioner of Education under title II of the Library Services and Construction Act (78 Stat. 13; 20 U.S.C. 355a et seq.).

(e) There are hereby transferred to and vested in the Secretary the functions of the Secretary of Agriculture, the Department of Agriculture, and the officers and components of the Department of Agriculture as follows:

(1) the functions of the Rural Electrification Administration;

(2) the functions of the Economic Research Service in conducting research and service work relating to economic and social development of rural areas, and to rural local government, community organizations, and government and nongovernment services of a community nature under section 1 of the Act of June 29, 1935 (7 U.S.C. 427), and the Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.);

(3) the functions of the Farmers Home Administration—

(A) under title V of the Housing Act of 1949 (42 U.S.C. 1471 et seq.), and

(B) relating to water and waste disposal loans and grants and comprehensive planning grants under section 306 of the Consolidated Farmers Home Administration Act of 1961 (7 U.S.C. 1921, 1926); and

~~(4) the functions of the Soil Conservation Service and the Farmers Home Administration under section 32(e) of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1011(e)).~~

~~(4) the functions of the Rural Development Service; and~~

~~(5) the Rural Telephone Bank (85 Stat. 29) and its functions.~~

(f) There are hereby transferred to and vested in the Secretary the functions of the Secretary of Commerce under title I and sections ~~section 201 301 (a), (b), and (f) and 403 (a) (3) and (4) of the Public Works and Economic Development Act of 1965 (79 Stat. 552, 42 U.S.C. 3121 et seq.) and, insofar as they relate to financial and planning assistance for community development and to public works and development facilities, sections 301 (a), (b), and (f), and 403 (a) (3) and (4), of the Public Works and Economic Development Act of 1965 (79 Stat. 552, 42 U.S.C. 3121 et seq.)~~

(g) There are hereby transferred to and vested in the Secretary—

(1) the functions of the Secretary of Commerce under title V

of the Public Works and Economic Development Act of 1965 (79 Stat. 552; 42 U.S.C. 3181 et seq.) relating to economic development regions and regional commissions, and under section 601(a) of said Act (42 U.S.C. 3201) insofar as it relates to coordination of the Federal Cochairmen of the regional commissions; and

(2) the functions of the Secretary of Transportation under section 513 of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3192); and

~~(3) the functions of each Federal Cochairman, or his alternate, of a regional commission established under title V of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3181 et seq.);~~

~~(h) There are hereby transferred to and vested in the Secretary—~~

~~(1) the functions of the Federal Cochairman of the Appalachian Regional Commission, or his alternate, under the Appalachian Regional Development Act of 1965 (79 Stat. 5; 40 App. U.S.C. 1 et seq.); and~~

~~(2) the functions of the Secretary of Transportation under section 201 of such Act.~~

~~(h) There are hereby transferred to and vested in the Secretary the functions of the Secretary of Transportation under section 201 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App. 201).~~

(i) There are hereby transferred to and vested in the President the functions of the Director of the Office of Emergency Preparedness under the Disaster Relief Act of 1970 (Public Law 91-606; 84 Stat. 1744).

(j) There are hereby transferred to and vested in the Secretary the functions of the Administrator of the Small Business Administration, the Small Business Administration, and all officers and components of that Administration relating to the making of disaster loans with respect to residential property under subsections 7(b), 7(c), and 7(f) of the Small Business Act (72 Stat. 389 and 80 Stat. 1319; 15 U.S.C. 636 (b), (c), and (f), and under sections 231, 234, 235, 237, 243, and 304 of the Disaster Relief Act of 1970 (84 Stat. 1744).

~~(k) In developing the national airport system plan required by section 12 of the Airport and Airways Development Act of 1970 (84 Stat. 221), the Secretary of Transportation shall consult with the Secretary. He shall also consult with the Secretary in developing criteria for planning airport locations and access facilities under that Act in order to assure the maximum compatibility of airports with planned community and areawide development.~~

SEC. 302. (a) Functions vested by subchapter II of chapter 5 of title 5 of the United States Code in hearing examiners employed by any

department, agency, or component thereof, the functions of which are transferred under the provisions of this Act, shall be vested in hearing examiners of the Department.

(b) In any case in which the head of a department or agency is required to consult or obtain the approval of the head of another department or agency as a condition to his performance of a function and the functions of both with respect to the matter involved have been transferred to the Secretary, or any other official, the requirement for such consultation or approval is hereby terminated.

SEC. 303. Except as provided in the next sentence, the personnel employed in connection with, and the personnel positions, assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds employed, held, used, arising from, available to or to be made available in connection with the functions transferred to the Secretary by this Act are, subject to section 202 of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 581c), transferred to the Secretary for appropriate allocation. Personnel positions expressly created by statute or Reorganization Plan, personnel occupying those positions on the effective date of this Act, and personnel authorized to receive compensation at the rate prescribed for offices and positions at Level I, II, III, IV, or V of the Executive Schedule (5 U.S.C. 5312-5316) on the effective date of the Act shall be subject to the provisions of sections 305 and 501 of this Act.

SEC. 304. Except as provided in section 305, transfer of non-temporary personnel pursuant to this title shall not cause any such employee to be separated or reduced in grade or compensation for one year after such transfer.

SEC. 305. Any person who, on the effective date of this Act, held a position compensated in accordance with the Executive Schedule prescribed in chapter 53 of title 5 of the United States Code, and who, without a break in service, is appointed in the Department to a position having duties comparable to those performed immediately preceding his appointment shall continue to be compensated in his new position at not less than the rate provided for his previous position, for the duration of his service in the new position.

TITLE IV

Definitions and Administrative Provisions

SECTION 401. (a) As used in this Act—(1) references to "function" or "functions" shall be deemed to include references to duty, obligation, power, authority, responsibility, right, privilege, and activity, or

the plural thereof, as the case may be; and (2) references to "perform" or "performance", when used in relation to functions, shall be deemed to include the exercise of power, authority, rights, and privileges.

(b) Any reference in this Act to any provision of law shall be deemed to include, as appropriate, references thereto as now or hereafter amended or supplemented.

SEC. 402. (a) The Secretary is authorized to prescribe such policies, standards, criteria, procedures, rules, and regulations as he may deem to be necessary or appropriate to perform functions now or hereafter vested in him.

(b) The Secretary shall engage in such policy planning and perform such program evaluation analyses and other studies as may be necessary to promote the efficient and coordinated administration of the Department and properly assess progress toward the achievement of its missions.

SEC. 403. (a) The Secretary may delegate any of his functions to such officers and employees of the Department as he may designate, and may authorize such successive redelegations of such functions as he may deem to be necessary or appropriate.

(b) The Secretary may, from time to time, establish, alter, rename or discontinue such organizational units or components within the Department as he may deem to be necessary or appropriate, but such authority shall not extend to the discontinuance of administrations established within the Department by this Act or to administrations or other organizational units or components expressly established within the Department, by transfer or otherwise, by future Acts or Reorganization Plans.

SEC. 404. The Secretary is authorized to establish, alter, or discontinue and to maintain such State, regional, district, local, or other field offices as he may deem to be necessary or appropriate to perform functions now or hereafter vested in him.

SEC. 405. The Secretary is authorized, subject to the civil service and classification laws, to select, appoint, employ, and fix the compensation of such officers and employees, including attorneys, as are necessary to perform the functions now or hereafter vested in him and to prescribe their functions.

SEC. 406. The Secretary may obtain services as authorized by section 3109 of title 5 of the United States Code, at rates not to exceed the rate prescribed for grade GS-18 of the General Schedule by section 5332 of title 5 of the United States Code.

SEC. 407. The Secretary is authorized to appoint, without regard to the civil service laws, such advisory committees as he may deem appropriate for the purpose of consultation with and advice to the

Secretary in the performance of his functions. Members of advisory committees, other than those regularly employed by the Federal Government, while attending meetings of such committees or while otherwise serving at the request of the Secretary may be paid compensation at rates not exceeding those authorized for individuals under section 5332 of title 5 of the United States Code and, while so serving away from their homes or regular places of business, may be allowed travel expenses, including per diem, as authorized by section 5703 of title 5 of the United States Code for persons in the Government service employed intermittently.

SEC. 408. (a) Notwithstanding any other provision of law, a member of the Coast Guard, the Commissioned Officer Corps of the National Oceanic and Atmospheric Administration, or the commissioned Regular or Reserve Corps of the Public Health Service may be appointed, detailed, or assigned to any position in the Department other than a position the occupant of which must be approved by and with the advice and consent of the Senate.

(b) The Secretary is authorized to provide for participation of military personnel in the performance of his functions. Members of the Army, the Navy, the Air Force, or the Marine Corps may be detailed for service in the Department by the appropriate military Secretary, pursuant to cooperative agreements with the Secretary.

(c) Appointment, detail, or assignment to, acceptance of, and service in any appointive or other position in the Department under this section shall in no way affect status, office, rank, or grade which officers or enlisted men may occupy or hold or any emolument, perquisite, right, privilege or benefit incident to or arising out of any such status, office, rank, or grade, nor shall any members so appointed, detailed or assigned be charged against any statutory limitation on strengths applicable to the Armed Forces. A member so appointed, detailed, or assigned shall not be subject to direction or control by his armed force or any officer thereof directly or indirectly with respect to the responsibilities exercised in the position to which appointed, detailed, or assigned.

SEC. 409. Notwithstanding the provisions of any other law, a person who is not a citizen of the United States may be employed as an expert, scientist, technician, or professional person in connection with the scientific or technical activities of the Department, if the Secretary deems such employment to be in the public interest.

SEC. 410. The Secretary is authorized to pay transportation expenses, and per diem in lieu of subsistence expenses, in accordance with chapter 57 of title 5 of the United States Code for travel between places of recruitment and duty, and while at places of duty, of persons appointed for temporary or seasonal services in the field service of the Department.

SEC. 411. The Secretary is authorized to enter into such contracts and agreements, including grant agreements, with public agencies and private organizations and persons; make such payments (in lump sum or installments, and in advance or by way of reimbursement, and with necessary adjustments on account of overpayments and underpayments); and generally take such steps as he may deem to be necessary or appropriate to perform functions now or hereafter vested in him.

SEC. 412. The Secretary is authorized to acquire (by purchase, lease, condemnation or otherwise), construct, improve, repair, operate, and maintain facilities and real property. However, such authority shall apply only to facilities required for the maintenance and operation of laboratories, research, and testing sites and facilities, quarters, and related accommodations for employees and dependents of employees of the Department, and such other special purpose real property as the Secretary deems to be necessary in and outside the District of Columbia. The Secretary may, through the Administrator of General Services, acquire, by purchase, lease, condemnation, or otherwise, general purpose office and warehouse buildings or parts of buildings in and outside the District of Columbia for use of the Department. Title to any property or interest therein, real, personal, or mixed, acquired pursuant to this section shall be in the United States.

SEC. 412. *Except for public buildings as defined in the Public Buildings Act of 1959, as amended, and with respect to leased space subject to the provisions of Reorganization Plan No. 18 of 1950, the Secretary is authorized to acquire (by purchase, lease, condemnation, or otherwise), construct, improve, repair, operate, and maintain facilities and real property as the Secretary deems to be necessary in and outside of the District of Columbia. Such authority shall apply only to facilities required for the maintenance and operation of laboratories, research and testing sites and facilities, quarters, and related accommodations for employees and dependents of employees of the Department, and such other special purpose real property as the Secretary deems to be necessary in and outside the District of Columbia. Title to any property or interest therein, real, personal, or mixed, acquired pursuant to this section, shall be in the United States.*

SEC. 413. The Secretary, under such terms, at such rates, and for such periods not exceeding thirty years, as he deems advisable, is authorized, under regulations prescribed by the President, to permit the use by concessionaires, including public and private agencies, corporations, associations, or other organizations or individuals, of any real property, or any facility, structure, or other improvement thereon, under the jurisdiction custody and control of the Secretary. The Secretary may require permittees under this section to recondition and

maintain to a satisfactory standard and at their own expense, the real property, facilities, structures, and improvements involved.

SEC. 414. The Secretary is authorized to acquire any of the following described rights if the property acquired thereby is for use by or for, or is useful to, the performance of functions vested in him—

(1) copyrights, patents, and applications for patents, designs, processes, and manufacturing data;

(2) licenses under copyrights, patents, and applications for patents; and

(3) releases before suit is brought, for past infringement of patents or copyrights.

SEC. 415. The Secretary is authorized to engage in basic and applied research and development and disseminate technology through information programs, demonstrations, and cooperative arrangements with such scientific and other public and private organizations and persons as he may deem necessary to carry out the functions now and hereafter vested in him.

SEC. 416. (a) (1) The Secretary is authorized, within his own discretion or upon the request of any person, firm, organization, or others, public or private, to make special studies concerning matters within his jurisdiction; to prepare from the records of the Department special compilations, lists, bulletins, or reports; to furnish transcripts or copies of such studies, compilations, and other records; to provide copies of charts, maps, or photographs; and to provide services incident to the conduct of the regular work of the Department. The Secretary may, as appropriate, require payment of the actual or estimated cost of such special work.

(2) In the case of nonprofit organizations, research organizations, or public organizations or agencies, the Secretary may engage in joint projects, or perform services, on matters of mutual interest, the cost of which shall be apportioned equitably, as determined by the Secretary, who may, however, waive payment of any portion of such costs by others, when otherwise authorized to do so.

(b) All payments for work or services performed or to be performed under this section shall be deposited in the Treasury and may be withdrawn by the Secretary to pay directly the cost of such work or services, to repay or make advances to appropriations or funds which do or will bear all or a part of such cost, or to refund excess sums when necessary: *Provided*, That such payments may be credited to a service or working capital fund otherwise established by law, and used under the law governing such fund, if the fund is available for use by the Department for performing the work or services for which payment is received.

SEC. 417. The Secretary, when he deems such action necessary, may make provision for the printing and distribution of reports and other

documents in such number and in such manner as he deems appropriate, with respect to matters under his jurisdiction.

SEC. 418 417. The Secretary is authorized to accept, hold, administer, and utilize gifts, and bequests of property, both real and personal, for the purpose of aiding or facilitating the work of the Department. Gifts and bequests of money and proceeds from sales of other property received as gifts or bequests shall be deposited in the Treasury and shall be disbursed upon the order of the Secretary. Property accepted pursuant to this section, and the proceeds thereof, shall be used as nearly as possible in accordance with the terms of the gift or bequest. For the purposes of Federal income, estate, and gift taxes, property accepted under this section shall be considered as a gift or bequest to the United States.

SEC. 419 418. The Secretary shall cause a seal of office to be made for the Department of such device as he shall approve and judicial notice shall be taken of such seal.

SEC. 420 419. The Secretary is authorized to establish a working capital fund, to be available without fiscal year limitation, for expenses necessary for the maintenance and operation of such common administrative services as he shall find to be desirable in the interests of economy and efficiency. There shall be transferred to the fund the stocks of supplies, equipment, other assets, liabilities, and unpaid obligations relating to the services which he determines will be performed through the fund. Appropriations to the fund in such amounts as may be necessary to provide additional working capital are authorized. The working capital fund shall recover from the appropriations and funds for which services are performed, either in advance or by way of reimbursement, amounts which will approximate the costs incurred, including the accrual of annual leave and the depreciation of equipment. The fund shall also be credited with receipts from the sale or exchange of its property, and receipts in payment for loss or damage to property owned by the fund.

SEC. 421 420. To the extent necessary or appropriate to perform functions transferred by this Act, the Secretary may exercise, in relation to the functions so transferred, any authority or part thereof available by law, including appropriations Acts, to the official or agency from which such functions were transferred.

SEC. 422 421. Except as may be otherwise expressly provided in this Act, all functions expressly conferred by this Act shall be in addition to and not in substitution for functions existing immediately before the effective date of this Act and transferred by this Act.

SEC. 423 422. The Secretary shall, as soon as practicable after the end of each fiscal year, make a report to the President for submission to the Congress on the activities of the Department during the preceding fiscal year. Such report shall include a statement of his goals, pri-

orities and plans for the Department together with an assessment of the progress made toward the attainment of those objectives and toward the more effective and efficient management of the Department and the coordination of its functions.

SEC. 424 423. The Secretary, when authorized in an appropriation Act, may, in any fiscal year, transfer funds from one appropriation to another within the Department: *Provided*, That no appropriation shall be either increased or decreased pursuant to this section by more than 5 percent of the appropriation for such fiscal year.

SEC. 425 424. There are hereby established service funds for the Office of the Secretary, the Urban and Rural Development Administration, the Community Transportation Administration and the Housing Administration. Each such fund shall be available, without fiscal year limitations, for the purpose of providing services on a reimbursable basis for other departments, agencies, and instrumentalities of the Government and for persons outside the Government as authorized by law. The costs of providing such services shall be paid from the appropriate service fund. Proceeds received as reimbursement for services performed with funds from a service fund shall be credited to that fund. Refunds may be made from a service fund whenever an advance for services is subsequently determined to exceed the cost of such service.

SEC. 426. There are hereby authorized to be appropriated, without fiscal year limitation, such sums as may be provided for from time to time in appropriation Acts to carry out functions now or hereafter vested in the Secretary.

TITLE V

Transitional and Conforming Provisions

SECTION 501. Whenever all the functions of a department, agency, or other body, or any component thereof, affected by this Act have been transferred from that department, agency, or other body, or any component thereof, whether by this Act or by this Act in combination with transfer by another Act, Presidential Reorganization Plan, Executive Order, or otherwise, the department, agency, or other body, or component thereof shall lapse. Whenever a department, agency, or other body, or any component thereof lapses pursuant to the preceding sentence, each position and office therein which was expressly created by Statute or Reorganization Plan or the incumbent of which was authorized to receive compensation at the rate prescribed for an office or position at Level I, II, III, IV, or V of the Executive Schedule (5 U.S.C. 5312-5316) shall lapse.

SEC. 502. The Department of Housing and Urban Development Act (Public Law 89-174; 42 U.S.C. 3531 et seq.) is hereby repealed, except insofar as functions under subsections (h), (i), (j), and (k) of section 7 thereof are transferred to the Secretary under section 301(a) of this Act.

SEC. 503. Section 101 of title 5 of the United States Code is amended by substituting "Department of Community Development" for "Department of Housing and Urban Development."

SEC. 504. Section 19(d) of title 3 of the United States Code is amended by substituting "Secretary of Community Development" for "Secretary of Housing and Urban Development."

SEC. 505. Section 201 of Reorganization Plan No. 2 of 1970 is amended by substituting "Secretary of Community Development" for "Secretary of Housing and Urban Development."

SEC. 506. The Director of the Office of Management and Budget is authorized to make such additional incidental dispositions of functions, personnel, personnel positions, assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to or to be made available in connection with the functions transferred by this Act as he may deem necessary or appropriate to accomplish the intent and purposes of this Act.

TITLE VI

Savings Provisions

SECTION 601. All orders, determinations, rules, regulations, permits, contracts, certificates, licenses, and privileges—

- (1) which have been issued, made, granted, or allowed to become effective by the President, any Federal department or agency or official thereof, or by a court of competent jurisdiction, in the performance of functions which are transferred under this Act; and
- (2) which are in effect at the time this Act takes effect; shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked by the President, the Secretary, or other authorized official, a court of competent jurisdiction, or by operation of law.

SEC. 602. (a) The provisions of this Act shall not affect any proceedings pending at the time this section takes effect before any department or agency (or component thereof) functions of which are transferred by this Act; but such proceedings, to the extent that they relate to functions so transferred, shall be continued before the Department. Orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made pursuant to such

orders, as if this Act had not been enacted; and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or revoked by the Secretary, by a court of competent jurisdiction, or by operation of law. Nothing in this subsection shall be deemed to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued if this Act had not been enacted.

(b) Except as provided in subsection (d)—

(1) the provisions of this Act shall not affect suits commenced prior to the date this Act takes effect, and,

(2) in all such suits proceedings shall be had, appeals taken, and judgments rendered, in the same manner and effect as if this Act had not been enacted.

(c) No suit, action, or other proceeding commenced by or against any officer in his official capacity as an officer of any department or agency, functions of which are transferred by this Act, shall abate by reason of the enactment of this Act. No cause of action by or against any department or agency, functions of which are transferred by this Act, or by or against any officer thereof in his official capacity shall abate by reason of the enactment of this Act. Causes of actions, suits, actions, or other proceedings may be asserted by or against the United States or such official of the Department as may be appropriate and, in any litigation pending when this section takes effect, the court may at any time, on its own motion or that of any party, enter any order which will give effect to the provisions of this section.

(d) If, before the date on which this Act takes effect, any department or agency, or officer thereof in his official capacity, is a party to a suit, and under this Act any function of such department, agency, or officer is transferred to the Secretary or any other official, then such suit shall be continued, with the Secretary or other official, as the case may be, substituted, as if this Act had not been enacted.

(e) Final orders and actions of the Secretary or any official or component of the Department in the performance of functions transferred to the Secretary by this Act shall be subject to judicial review to the same extent and in the same manner as if such orders or actions had been made or taken by the officer, department, agency, or instrumentality in the performance of such functions immediately preceding the effective date of this Act. Any statutory requirements relating to notices, hearings, action upon the record, or administrative review that apply to any function transferred to the Secretary by this Act shall apply to the performance of those functions by the Secretary, or any officer or component of the Department.

SEC. 603. With respect to any function transferred by this Act and

performed after the effective date of this Act, reference in any other law (including Reorganization Plans) to any department or agency or any officer or office the functions of which are so transferred shall be deemed to refer to the Secretary or other officials in which this Act vests such functions.

SEC. 604. Nothing contained in this Act shall be construed to limit, curtail, abolish, or terminate any function of the President which he had immediately before the effective date of this Act; or to limit, curtail, abolish, or terminate his authority to perform such function; or to limit, curtail, abolish, or terminate his authority to delegate, redelegate, or terminate any delegation of functions.

TITLE VII

Separability

SECTION 701. If any provision of this Act or the application thereof to any person or circumstance is held invalid, the remainder of this Act and the application of such provision to other persons or circumstances shall not be affected thereby.

TITLE VIII

Effective Date and Interim Appointments

SECTION 801. (a) The provisions of this Act shall take effect one hundred and twenty days after the Secretary first takes office, or on such earlier date as the President may prescribe and publish in the *Federal Register*, except that any of the officers provided for in title II of this Act may be nominated and appointed, as provided in that title, at any time after the date of enactment of this Act. Funds available to any department or agency (or any official or component thereof), any functions of which are transferred to the Secretary by this Act, may, with the approval of the President, be used to pay the compensation and expenses of any officer appointed pursuant to this subsection until such time as funds for that purpose are otherwise available.

(b) In the event that one or more officers required by this Act to be appointed by and with the advice and consent of the Senate shall not have entered upon office on the effective date of this Act, the President may designate any officer, whose appointment was required to be made by and with the advice and consent of the Senate and who was such an officer immediately prior to the effective date of the Act, to act in such office until the office is filled as provided in this Act. While so acting such person shall receive compensation at the rates provided by this Act for the respective offices in which they act.

Department of Community Development Act

SECTION-BY-SECTION ANALYSIS

SECTION I. Provides that this Act may be cited as the Department of Community Development Act.

TITLE I

Declaration of Purpose

SECTION 101. (a) Sets forth Congressional findings (1) that the general welfare of the nation requires the development, through growth and renewal, of urban and rural communities which provide for all citizens wholesome living environments and responsive, equitable and effective service to their varying needs and (2) that the attainment of sound community development requires the active participation of citizens, private institutions, and local, State and Federal governments to achieve and maintain (A) effective and responsible community government, (B) communication and cooperation between citizens and government, (C) necessary community facilities and services, and (D) an adequate housing supply.

(b) States that it is in the public interest to establish a Department of Community Development to bring together and provide common leadership to those Federal activities that bear most directly on, or importantly affect, the objectives set forth in subsection (a), and to effectively coordinate such Federal activities with related activities of States and local governments, public and private institutions, and individuals.

(c) States that the Department shall, among other things, encourage and assist the development and management of institutions and processes essential to responsible, responsive and effective community government; encourage and assist citizens, private groups and organizations to contribute ideas, skills and resources to solving community problems and meeting community needs; provide assistance in the planning, financing, construction and rehabilitation and maintenance of housing, balanced transportation systems, and other community facilities and services conducive to a safe and wholesome environment for all citizens; assist research, development, management and training ac-

tivities designed to foster new, better and more economical means of dealing with the housing and other problems of community development and government; and implement disaster assistance and relief on behalf of the Federal Government.

TITLE II

Establishment of Department

SECTION 201. Establishes the Department of Community Development, provides for the appointment of a Secretary of Community Development who shall head that Department, and provides that the Secretary shall be compensated at the rate prescribed for offices and positions at Level I of the Executive Schedule.

SEC. 202. (a) Provides for the appointment of a Deputy Secretary of Community Development (Level II).

(b) Provides for the appointment of two Under Secretaries (Level III).

(c) Provides for the establishment in the Department of an Urban and Rural Development Administration, a Community Transportation Administration and a Housing Administration, each headed by an Administrator (Level III). There would also be in the Community Transportation Administration an Associate Administrator for Highways (Level III). It is also contemplated that the Secretary will establish, under subsection (e) of this section, a Federal Insurance Administration headed by an Administrator (Level IV) appointed by him.

(d) Provides for the appointment of four Assistant Secretaries and a General Counsel (Level IV). Appointments to positions designated in (a) through (d) are to be made by the President by and with the advice and consent of the Senate.

(e) Authorizes the Secretary to appoint not more than fifteen additional officers at Level IV or Level V of the Executive Schedule, as specified by the Secretary. (See Sec. 102(c) of Reorganization Plan No. 2 of 1970 (OMB).)

(f) Provides that officers appointed pursuant to section 202 shall perform such functions as the Secretary may prescribe from time to time.

SEC. 203. Provides that the Deputy Secretary shall act for and perform the functions of the Secretary during the absence or disability of the Secretary or during a vacancy in the office of the Secretary. In the event of the concurrent absence or disability of the Deputy Secretary or vacancy in the office of Deputy Secretary, an Under Secretary, Administrator, Assistant Secretary, or the General Counsel would be

authorized to act for and perform the duties of the Secretary in accordance with such order as the Secretary shall prescribe.

TITLE III

Transfers

SECTION 301. (a) Transfers to the Secretary of Community Development all of the functions of the Secretary of Housing and Urban Development, the Department of Housing and Urban Development, and all officers and components of that Department except that the Government National Mortgage Association and the Community Development Corporation established by the Housing and Urban Development Act of 1970 would be transferred as corporate entities and the latter would thereafter be designated the "New Community Development Corporation."

(b) Transfers to the Secretary of Community Development the functions of the Director of the Office of Economic Opportunity with respect to—

(1) Special Impact programs of economic and community development in selected poverty areas under part D of title I of the Economic Opportunity Act of 1964; and

(2) programs under title II of that Act (Community Action Programs) except as they pertain to (A) Indian programs and projects conducted under that title, (B) research pilot or demonstration programs provided for in section 232, and (C) "Special programs" provided for in section 222(a) of that title, other than the Senior Opportunities and Services program, which is transferred to the Secretary.

(c) Transfers to the Secretary of Community Development the functions of the Secretary of Transportation, the Department of Transportation, and the officers and components of the Department of Transportation under—

(1) the Urban Mass Transportation Act of 1964; the Urban Mass Transportation Assistance Act of 1970; and Reorganization Plan No. 2 of 1968;

(2) the following laws relating to highways—(A) chapters 1, 2 and 3 of title 23, United States Code and the Federal-Aid Highway Acts of 1970, 1968, 1966, 1962, and 1954, (B) the Act of September 26, 1961 (authorizing conveyance to Virginia of all interests of the United States in portions of the Shirley Highway and highways comprising the Pentagon road network), (C) the Highway Revenue Act of 1956 (giving the Secretary of Transportation certain functions with respect to the highway trust fund), (D) the Highway

Beautification Act of 1965, (E) the Alaska Omnibus Act (providing for the transfer to the State of Alaska of all properties of the Bureau of Public Roads except those that must be retained for additional road purposes), (F) the Joint Resolution of August 28, 1965 (requiring a biennial report to the Congress estimating the future highway needs of the Nation), (G) section 502(c) of the General Bridge Act of 1946 (relating to the resolution of conflicts between States as to the location and planning of interstate bridges), (H) the Act of April 27, 1962 (relating to appointment or reappointment of persons as members of bridge commissions and the review of reports submitted by the bridge commissions), (I) Reorganization Plan No. 7 of 1949 (transferring functions of the Public Roads Administration and the Commissioner of Public Roads), (J) the Act of November 8, 1966, directing the Secretary of Transportation to construct a 12½-mile highway along the U.S.-Mexican border in El Paso, Texas (The highway trust fund now in the Treasury would remain in the Treasury but all functions of the Secretary of Transportation with respect to that fund would be transferred except for those relating to certain vehicle and driver aspects of highway safety under the Highway Safety Act of 1970;) and (K) chapter 4 of title 23, United States Code (Federal Highway Administration), relating to highway safety, insofar as it relates to the design, construction, and maintenance of highways, traffic control devices, identification and surveillance of accident locations, and highway related aspects of pedestrian safety.

(3) the Act of August 1, 1947, to the extent it authorizes the establishment and fixing of compensation for scientific and professional positions related primarily to transportation which require the services of specially qualified personnel; and

(4) the following laws and provisions of law insofar as they relate to the reasonableness of tolls: section 4 of the Act of March 23, 1906, section 503 of the General Bridge Act of 1946, section 17 of the Act of June 10, 1930, the Act of June 27, 1930, and the Act of August 21, 1935. Under these laws the Secretary of Transportation is authorized to review and determine the reasonableness of rates charged by a bridge owner for transit across a bridge over navigable waters.

(d) Transfers to the Secretary of Community Development the functions of the Commissioner of Education under title II of the Library Services and Construction Act.

(e) Transfers to the Secretary of Community Development the following functions of the Secretary of Agriculture, the Department of Agriculture, and the officers and components of the Department of Agriculture—

(1) the functions of the Rural Electrification Administration under the Rural Electrification Act of 1936;

(2) the functions of the Economic Development Division of the Economic Research Service; these functions consist of conducting research and service work relating to economic and social development, community services, population and manpower in rural areas under section 1 of the Act of June 29, 1935, and the Agricultural Marketing Act of 1946;

(3) the functions of the Farmers Home Administration relating to (A) the rural housing programs conducted by that agency under title V of the Housing Act of 1949 and (B) water and waste disposal loans and grants and comprehensive planning grants under section 306 of the Consolidated Farmers Home Administration Act of 1961;

(4) the functions of the Rural Development Service; and

(5) the Rural Telephone Bank and its functions.

(f) Transfers to the Secretary of Community Development the functions of the Secretary of Commerce under title I and section 201, and, insofar as they relate to financial and planning assistance for community development and to public works and development facilities, sections 301 (a), (b), and (f), and 403(a) (3) and (4) of the Public Works and Economic Development Act of 1965.

(g) Transfers to the Secretary of Community Development—

(1) the functions of the Secretary of Commerce under title V of the Public Works and Economic Development Act of 1965 relating to economic development regions and regional commissions and under section 601(a) of that Act (42 U.S.C. 3201) insofar as it relates to coordination of the Federal Cochairmen of the Regional Commissions; and

(2) the functions of the Secretary of Transportation under section 513 of the Public Works and Economic Development Act of 1965 relating to the conduct of studies and investigations of needs for regional transportation systems;

(h) Transfers to the Secretary of Community Development the functions of the Secretary of Transportation under section 201 of the Appalachian Regional Development Act of 1965 relating to assistance for the Appalachian development highway system.

(i) Transfers to the President the functions of the Director of the Office of Emergency Preparedness under the Disaster Relief Act of 1970. It is anticipated that an overall coordinator for disaster relief will remain in the Executive Office of the President. However, this subsection would give the President the flexibility to assign such of those functions as he deems fit to the Secretary of Community Development or other appropriate official for implementation in connection with major disasters.

(j) Transfers to the Secretary of Community Development the functions of the Administrator of the Small Business Administration, the Small Business Administration, and all officers and components of that Administration relating to the making of disaster loans with respect to residential property under section 7 of the Small Business Act and under sections 231, 234, 235, 237, 243, and 304 of the Disaster Relief Act of 1970.

(k) Requires the Secretary of Transportation to consult with the Secretary of Community Development (1) in developing the national airport system plan under section 12 of the Airport Development Act of 1970 (84 Stat. 221), and (2) in developing criteria for planning airport locations and access facilities under that Act.

SEC. 302. (a) Provides that any functions vested by chapter 5 of title 5 of the United States Code in hearing examiners which are transferred under the provisions of this Act be vested in the hearing examiners of the Department of Community Development.

(b) Terminates any requirements for consultation or approval between agency heads in cases where the functions of both with respect to the matter involved have been transferred pursuant to this Act to the Secretary of Community Development or any other official.

SEC. 303. Transfers to the Secretary of Community Development for appropriate allocation the personnel, positions, assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds available to or to be made available in connection with the functions transferred to the Secretary by this Act.

SEC. 304. Provides that, except as provided in section 305, the transfer of nontemporary personnel pursuant to this title shall not cause any such employee to be separated or reduced in grade or compensation for one year after such transfer.

SEC. 305. Requires persons holding positions compensated in accordance with the Executive Schedule prescribed in chapter 53 of title 5 of the United States Code on the effective date of this Act to be compensated at not less than the rate of their previous position if they are appointed in the Department of Community Development to a position having comparable duties without a break in service.

TITLE IV

Definitions and Administrative Provisions

SECTION 401. (a) Defines "function," "functions," "perform," and "performance" in order to avoid repetitious references to such terms as duties, obligations, powers, authorities, responsibilities, rights, privileges, and activities.

(b) Provides that references in the Act to provisions of law shall be deemed to include, as appropriate, reference to laws as amended now or hereafter.

SEC. 402. (a) Authorizes the Secretary to prescribe policies, standards, criteria, procedures, rules, and regulations incident to his functions. (See Sec. 203(b)(1) of NASA Act (72 Stat. 426); OEO Act, 42 U.S.C. 2942(n); Sec. 9(e)(1) DOT Act (80 Stat. 944); Sec. 7(d) of DHUD Act (79 Stat. 667).)

(b) Directs the Secretary to carry out policy planning, to evaluate programs and progress in achieving departmental missions and other studies to promote efficient and coordinated administration of the Department.

SEC. 403. (a) Authorizes the Secretary to delegate his functions to officers and employees of the Department and to authorize successive redelegations. (See Sec. 7(d) of DHUD Act (79 Stat. 667); Sec. 9(e) of DOT Act (80 Stat. 944).)

(b) Authorizes the Secretary to establish and modify the internal organization of the Department, but not to discontinue "Administrations" created by section 202(c) of this Act, or any other organizational units or components expressly established by future Acts or Reorganization Plans. (The Secretary of Housing and Urban Development now has similar authority.)

SEC. 404. Authorizes the Secretary to maintain, establish, alter, or discontinue field offices.

SEC. 405. This is a customary provision authorizing the Secretary, subject to the civil service and classification laws, to select, appoint, employ, and fix the salaries of such officers and employees, including attorneys, as are necessary to the performance of his functions. (See Sec. 7(c) of DHUD Act (79 Stat. 667).)

SEC. 406. Authorizes the Secretary to obtain the services of experts and consultants at rates not to exceed those prescribed for GS-18 of the General Schedule. (See Sec. 7(e) of the DHUD Act (79 Stat. 667), as amended by Sec. 906 of the Housing and Urban Development Act of 1970 (P.L. 91-609, 84 Stat. 1811).)

SEC. 407. This is a customary provision authorizing the Secretary to appoint advisory committees to consult with and advise him with respect to the performance of his functions. (See Sec. 7(e) of DHUD Act (79 Stat. 667), as amended by Sec. 905 of P.L. 91-609 (84 Stat. 1810); Sec. 9(o) of DOT Act (80 Stat. 944).)

SEC. 408. (a) Authorizes the appointment, detail, or assignment of members of the Coast Guard, the Commissioned Officer Corps of the National Oceanic and Atmospheric Administration, and the Commissioned Corps of the Public Health Service to any position in the Department that is not required to be filled by an officer whose appointment is required to be confirmed by the Senate.

(b) Permits members of the Army, Navy, Air Force, and Marine Corps to be detailed for service in the Department under agreements between the Secretary and Secretaries of the Military Departments.

(c) Provides that the status, office, rank, or grade of persons who are appointed, assigned, or detailed to the Department pursuant to this section shall not be adversely affected by service under this section. (See Sec. 9(d)(1) of DOT Act (80 Stat. 944).)

SEC. 409. Provides that a person who is not a citizen of the United States may be employed as an expert, scientist, technician, or professional person in connection with scientific or technical activities of the Department if the Secretary deems the employment to be in the public interest.

SEC. 410. Authorizes payment of transportation expenses and per diem to temporary or seasonal employees from the place of their recruitment to the place of their duty and while at the place of such duty. Such expenses would be paid in accordance with chapter 57 of title 5 of the United States Code which relates to similar payments to other Government employees for official travel. (See 7 U.S.C. 2229.)

SEC. 411. Authorizes the Secretary to enter into such contracts and agreements, including grant agreements, with public agencies and private organizations and persons; to make such payments in lump sum or by installments or in advance or by way of reimbursement; and to take such other steps as he may deem necessary or appropriate to perform his functions. (See Sec. 203(b)(5) of NASA Act (72 Stat. 426).)

SEC. 412. Authorizes the Secretary to acquire facilities required for the maintenance and operation of laboratories, research, and testing sites and facilities, quarters, and related accommodations for employees and their dependents and such other special purpose real property as the Secretary deems necessary. Such special purpose facilities and real property could be acquired by purchase, lease, condemnation, or otherwise. General purpose facilities and real property would continue to be acquired by the General Services Administration. The title to all property acquired pursuant to this section would be in the United States rather than in the Secretary of the Department. (See Sec. 203(b)(3) of NASA Act (72 Stat. 426).)

SEC. 413. Would authorize the Secretary (subject to standards in regulations issued by the President) to permit concessionaires to provide services on property under the Secretary's custody and control.

SEC. 414. Authorizes the Secretary to acquire copyrights and patents, interests therein and licenses thereunder if useful in the performance of his functions. (See 10 U.S.C. 2386.)

SEC. 415. Authorizes the Secretary to engage in such basic and applied research and development and to disseminate technological in-

formation as he may deem necessary to carry out his functions. (See title V, Housing and Urban Development Act of 1970 (84 Stat. 1784); Sec. 9(q) of DOT Act (80 Stat. 947).)

SEC. 416. Authorizes the Secretary, in his discretion or at the request of any persons, firms, organizations, or others, public or private, to make special studies concerning matters within his jurisdiction; to prepare from the records of the Department special compilations, lists, bulletins, or reports; to furnish transcripts or copies of those studies, compilations, and other records; to furnish copies of charts, maps, or photographs; and to provide services incident to the conduct of the regular work of the Department. For example, the Department may have a specialized piece of equipment, or persons with specialized knowledge, not available elsewhere and, in appropriate cases, the Secretary would be authorized to make those services available to private persons and to public and private agencies and organizations. This section also authorizes the Secretary to undertake joint projects with nonprofit organizations, research organizations, and public agencies and organizations involving matters of mutual interest and to share the costs thereof. Charges to private persons and organizations under this Act would be determined in accordance with user standards, policies on charges, and procedures prescribed by the Office of Management and Budget and 31 U.S.C. 483a. (See P.L. 91-412—Department of Commerce.)

SEC. 417. Authorizes the Secretary to accept, hold, administer, and utilize gifts and bequests. (See Sec. 905(k) of the Housing and Urban Development Act of 1970 (P.L. 91-609, 84 Stat. 1810); Sec. 9(m) of DOT Act (80 Stat. 946).)

SEC. 418. Authorizes the Secretary to prescribe a seal for the Department. (See Sec. 7(g) of DHUD Act (79 Stat. 667).)

SEC. 419. Authorizes the establishment of a working capital fund to defray necessary expenses arising out of the maintenance and operation of such common administrative services as the Secretary shall find to be desirable in the interest of economy and efficiency. (See Sec. 9(j) of DOT Act (80 Stat. 945); Sec. 7(f) of DHUD Act (79 Stat. 667).)

SEC. 420. This is a technical provision. In certain cases authority under a portion of an Act is transferred to the Secretary by this Act while responsibility for other provisions of the same Act will be retained by the transferring agency. This provision is designed to permit the Secretary to exercise supporting or incidental powers given by law to the transferring agency without divesting the transferring agency of authority to exercise those powers with respect to the functions retained by that agency.

SEC. 421. Is designed to make clear that authority expressly provided by this Act is in addition to any authority that may have existed

prior to the effective date of this Act and is transferred by this Act.

SEC. 422. Requires an annual report to the Congress on the activities of the Department during the preceding fiscal year, including a statement of goals and an assessment of progress.

SEC. 423. Authorizes the Secretary, but only when authorized in an appropriation act, to transfer funds from one appropriation to another so long as such transfers do not increase or decrease an appropriation by more than five percent.

SEC. 424. Authorizes the establishment of service funds for the Office of the Secretary, the Urban and Rural Development Administration, the Community Transportation Administration and the Housing Administration. These funds would be used to defray the initial costs of reimbursable services provided to other departments and agencies or to persons, agencies, or organizations outside the government.

TITLE V

Transitional and Conforming Provisions

SECTION 501. Provides that whenever all of the functions of a department, agency, or other body, or of any component thereof have been transferred, whether by this Act, or by a combination of Acts, Reorganization Plans and Executive Orders, the department, agency, or other body shall lapse. This, in effect, discontinues organization structures when they no longer have functions to perform. This section also provides for the concurrent lapse of all positions in those lapsed organizations which positions were expressly created by statute or reorganization plan or which are Executive Schedule Levels I-V positions. (See Sec. 9(i) of DOT Act (80 Stat. 945).)

SEC. 502. Repeals the Department of Housing and Urban Development Act except for certain miscellaneous administrative functions enacted last December which are transferred to the Secretary of Community Development.

SEC. 503. Substitutes the Department of Community Development for the Department of Housing and Urban Development in the definition of "Executive Department" in title 5 of the United States Code.

SEC. 504. Substitutes the Secretary of Community Development for the Secretary of Housing and Urban Development in section 19(d) of title 3 of the United States Code relating to presidential succession.

SEC. 505. Substitutes the Secretary of Community Development for the Secretary of Housing and Urban Development in Reorganization Plan 2 of 1970 relating to membership of the Domestic Council.

SEC. 506. Authorizes the Director of the Office of Management and Budget to make such additional incidental dispositions of functions, personnel, personnel positions, assets, liabilities, contracts, property, records, appropriations, authorizations and other funds as may be necessary to carry out the intent and purpose of the Act. This is a customary provision in Reorganization plans involving interagency transfer of functions.

TITLE VI

Savings Provisions

SECTION 601. This provision continues the effectiveness of all existing contracts, determinations, rules, regulations, permits, contracts, certificates, licenses, and privileges affected by the Act, until such time as they are otherwise modified or replaced by appropriate authority or otherwise expire. This avoids any inadvertent lapsing or impairment of essential directives, documents, and obligations, and will afford the Secretary sufficient time to deal with these matters in an orderly fashion.

SEC. 602. This is another savings clause that preserves and continues legal proceedings in being on the effective date of the Act. Such proceedings would, in effect, be continued, modified, or terminated as if the Act had never been enacted.

SEC. 603. This conforming provision states that, with respect to functions transferred by the Act, references in law (including Reorganization Plans) to other officials in whom the functions were previously vested shall be deemed to be references to the Secretary.

SEC. 604. This is a technical provision. Some of the functions that are transferred by this Act are functions that are vested in the President but were delegated to a transferring agency. Under the terms of the Act those functions are transferred to the Secretary. This section is designated to preserve for the future the President's authority under present law to modify, terminate, or transfer these delegated functions.

TITLE VII

Separability

SECTION 701. This is a customary separability clause that avoids the invalidation of the whole Act if a single provision is found to be invalid.

TITLE VIII

Effective Date and Interim Appointments

SECTION 801. (a) Provides that the Act shall become effective 120 days after the Secretary takes office, or on such earlier date as the President may prescribe and publish in the *Federal Register*. This will give the President time to select, nominate, and appoint the Secretary, and will allow the Secretary sufficient time to arrange and organize the new Department and prepare such rules, regulations, orders, etc., as may be necessary for a smooth transition.

(b) Authorizes the President, in cases where officers required by this Act to be appointed by and with the advice and consent of the Senate have not entered upon office on the effective date of this Act, to designate any officer whose appointment was required to be made by and with the advice and consent of the Senate and who was such an officer immediately prior to the effective date of the Act to act in such office until the office is filled as provided in this Act. While so acting such persons would receive compensation at the rates provided by this Act for the respective offices in which they act.

PART IV

THE PROPOSED
DEPARTMENT OF
NATURAL RESOURCES

Proposed

Department of Natural Resources

REPORT AND REVIEW

A. INTRODUCTION

1. PRESIDENT'S REORGANIZATION PLAN

President Nixon, in his state of the Union address on January 22, 1971, proposed a sweeping reorganization of the executive branch to enable the Federal Government to carry out its responsibilities in meeting the changing needs and concerns of the American people. The President's reorganization proposal is largely based on the findings and recommendations of a detailed study conducted by the President's Advisory Council on Executive Organization (Ash Council).

The present structure of the executive branch has evolved over a long period of time and is based in most instances on narrow constituencies and fragmented functions. While the original rationale for creating existing departments and agencies may have been valid, the changes that have occurred in this Nation create a need for substantial revamping of this structure. The President is therefore recommending that many of the domestic programs of government be rearranged and assigned to four new departments:

Community Development.—A department concerned with the community—rural communities and urban communities—with the need to create and preserve a safe and wholesome living environment for every person.

Natural Resources.—A department concerned with our natural environment and the preservation and balanced use of those great natural resources on which this Nation depends.

Human Resources.—A department dealing with the concerns of people as individuals, as members of a family—a department focused on human needs.

Economic Affairs.—A department concerned with the growth and health of our economy—with our jobs, our businesses, and those many activities that maintain and strengthen the American economy.

2. CONCEPT FOR THE DEPARTMENT OF NATURAL RESOURCES

The people of this Nation enjoy the highest standard of living in the world, in large part as the result of having an abundance of natural resources and the technological capability to develop and operate a sophisticated, industrialized economy. This abundance of natural resources has served the Nation well, but the needs of future generations can only be met if effective action is taken to recognize not only the demands of a growing population, but the effects of increased per capita consumption, higher standards of living, and the need for restoring, protecting, and enhancing environmental quality.

Population growth is a major factor that will determine future demands for resources. In addition, the impact of this growth is compounded by rapid improvement in standards of living, economic growth, and a general public desire for improved quality of life. As a result of the combination of these factors, the consumption of resources will increase at a rate far greater than population growth. Currently, with only 6 percent of the world population, the United States consumes 30 percent of the total world mineral production. If present trends continue, the U.S. demand for primary minerals could increase by more than 400 percent by the year 2000, energy requirements could more than triple, and water withdrawals could be over four-fifths of the entire national streamflow. We will have to construct as many additional houses and other structures as now exist. In the remaining years of this century, the United States will use more energy and other key resources than it has consumed since its beginning.

In addition to satisfying future demands for water, timber, minerals, and energy, our people also will need and demand the preservation of forests, lakes, wilderness, beaches, and the general environment for increased recreational use, and to maintain the quality of life for the Nation.

The world is an ecological system—the sum of all of the living and nonliving components that support the chain of life. As some natural resources are being depleted, as foreign sources of supply become less plentiful and less secure, and as environmental problems become more evident, the Nation suddenly has become aware of the full importance and significance of the need for the conservation and management of natural resources and the protection and preservation of the environment, not only to sustain and provide for continued social and economic growth but for man's well-being and survival.

The Nation needs a better understanding of the total environment—the oceans, the atmosphere, and lands and their interaction—to enable us to monitor more effectively and predict environmental actions, and

to exercise some degree of control over the environment for the better protection of life and property from natural or manmade hazards. There is also need for exploration and development leading to more intelligent use of our resources, wherever they are found, with full consideration of the environment.

In summary, the natural resource and related environmental challenges facing the Nation are:

- To provide sufficient supplies of water, minerals, fuel, and timber to support our energy and other needs for future economic development.
- To maintain and enhance our forests, unique natural areas, historic properties, lands, waters, fish and wildlife, beaches, and estuaries in a manner which meets the aesthetic, cultural, and recreational needs of the people.
- To understand our physical environment and the natural and manmade changes that are taking place so that modifications can be made when advantageous and possible and, when modifications are not possible, to provide advance hazard warnings.
- To manage our resources in ways which will assure ecological balance and thus sustain the basis on which public needs can continue to be fulfilled.

If this Nation's future resource requirements are to be met through the wisest conservation and management of natural resources, there is urgent need to provide that governmental organization and managerial capability which can most effectively develop and implement comprehensive natural resource policies and programs. Both operational programs and scientific investigations for the land, oceans, and atmosphere need to be integrated as elements of a total system rather than as separate entities under diverse administration. Since natural resources policies and programs involve more than the conservation and management of federally owned resources, there needs to be consistency of treatment by the Federal Government in its policies and programs affecting natural resources owned or administered by State and local governments, Indian tribes, private organizations, and individuals.

The distribution and mixed ownership of natural resources is a major consideration which requires a more effective and efficient Federal organization to assure that these resources most effectively meet future needs. This Nation's resources are distributed over some 3.6 million square miles of onshore lands and 527,000 square miles of the Continental Shelf. Ownership and management responsibilities are divided among Federal, State, local governments, Indian tribal governments, and the private sector.

Responsibility for management of the Federal lands which comprise one-third of the Nation's onshore lands is divided among a number of organizations:

	<i>Millions of acres</i>
Bureau of Land Management.....	475
Forest Service.....	187
National Park Service.....	30
Bureau of Sport Fisheries and Wildlife.....	30
Bureau of Reclamation.....	9
Defense and other.....	35
Total	766

Future planning and management must adequately recognize and provide for the most effective use and productivity of all resources, both publicly and privately owned. For example, only about 30 percent of rainfall can be intercepted and managed as it flows toward the sea through surface and subsurface systems involving lands of all ownerships and uses. Water resource management therefore must recognize and provide for all lands and uses if the regions of the Nation are to be assured that their water needs will be met. Other examples of closely related public-private resource ownership relationships which affect future availability of resources are:

	<i>Percent</i>	
	<i>Federal land</i>	<i>Non-Federal land</i>
Outdoor recreation visits.....	14	86
Petroleum reserves (including Outer Continental Shelf).....	52	48
Natural gas reserves (including Outer Continental Shelf).....	52	48
Coal	39	61
Shale oil potential.....	75	25
Uranium	40	60
Geothermal steam.....	60	40
Saw timber inventory.....	48	52
Commercial forest land area.....	22	78
State and county.....		(6)
Industry		(13)
Farm and miscellaneous private.....		(59)

The close relationships among resource uses also must be recognized. Forestry practices directly affect water supplies, fish and wildlife, and outdoor recreation. Flood control or water supply projects likewise have similar impacts on other resource values. Mineral development and utilization can, if carelessly done, destroy other resource values and result in serious water and air pollution. The need for environmental protection is linked directly to every form of natural resource use.

To better meet these challenges, the Department of Natural Resources will bring together into one agency most of the numerous natural resources and physical environmental programs which currently

are scattered throughout several Federal organizations. It will provide the essential governmental capabilities required to plan, establish priorities, weigh alternatives and priorities, and operate programs so that this Nation's natural resources will make their optimal contribution to national objectives.

The availability of adequate water, energy, timber, forage, outdoor recreation, and other resources contributes to individual well-being, community development, and economic growth and productivity. For example, sufficient energy is essential for general economic development, for the growth of communities, and for the public well-being. The same is true for water and for recreation resources.

Thus, the purposes of the Department of Natural Resources are interrelated with the purposes of the other three proposed departments. However, since natural resources involve a coherent system of relationships among resources and with the environment, they need to be managed within a single organizational framework. The management of natural resources also requires conservation to meet future, as well as current, needs. Immediate pressures for short-term development and utilization must be evaluated in the light of requirements of future generations.

Accordingly, the proposed Department will be so structured and organized as to integrate resource utilization and environmental values. Through its policy formulation and program operation functions the Department will be able to respond more vigorously and coherently to the needs for economic and community development, for environmental protection and enhancement, for the conservation and wise use of resources, and for other national goals than can present agencies.

3. PRIOR REORGANIZATION STUDIES AND RECOMMENDATIONS

Over the past 50 years, a number of studies have focused on the management problems posed by the fragmentation and proliferation of natural resource functions among departments. For example, after laboring for several years, the Congress' Joint Commission on Reorganization of Government Departments rendered its report to President Harding who, in turn, transmitted it to the Congress with his recommendation for adoption. The report recommended transfer of the nonmilitary engineering activities of the War Department to the Department of the Interior and the transfer of the functions of the Federal Power Commission to Interior. There were joint House and Senate hearings on those recommendations but no further action.

Late in 1932, President Hoover submitted a plan to Congress that, among other things, would have transferred the Corps of Engineers' civil functions to Interior and the General Land Office from Interior

to Agriculture. All of President Hoover's reorganization recommendations, including those affecting natural resources, were disapproved by a House resolution of January 19, 1933.

The President's Committee on Administrative Management in 1937 recommended creation of a National Resources Planning Board which was established in 1939. It functioned largely in the natural resources field and helped coordinate agency activities and Federal-State relationships until its abolition in 1943. The President's Committee also recommended a basic structure of 12 departments, one to be the Department of the Interior retitled the Department of Conservation.

In 1949, a majority of the Hoover Commission overrode the recommendation of its Task Force and its Committee on Natural Resources which would have consolidated water resources and public land management functions in a Department of Natural Resources. Instead, the Commission recommended that public land management be consolidated by transferring the Bureau of Land Management to the Department of Agriculture and that civil functions of the Corps of Engineers be transferred to Interior.

The second Hoover Commission, reporting in 1955, recommended creation of a Water Resources Board and that the Corps of Engineers assume the Soil Conservation Service function of constructing headwater dams for flood control. The proposal to establish a Board was similar to one going back to the Inland Waterways Commission established by Theodore Roosevelt. The present Water Resources Council represents to some degree the kinds of coordinating mechanism advocated by the two Commissions.

President Eisenhower, in his final budget message of 1961, recommended consolidating the water resources functions of the Corps of Engineers, the Department of the Interior, and the river basin survey work of the Federal Power Commission.

The June 1970 report to the President by the Public Land Law Review Commission, entitled "One Third of the Nation's Land", recommended the establishment of a Department of Natural Resources which would bring together the major public land agencies.

4. PROBLEMS WITH EXISTING ORGANIZATIONS

Federal natural resources programs have developed historically on a piecemeal basis in response to problems, specific needs, various pressures and urgencies over a long period. This has resulted in programs scattered among agencies, with attendant overlaps, duplications, inefficiencies, and also voids. For instance:

- Major water resource development programs are located in three departments: Agriculture, Interior, and Army. A separate agency, the Water Resources Council, was established for the purpose

of providing a mechanism to coordinate the several agencies' planning efforts and water resources policy. The Council has had limited effectiveness since it is basically an interagency committee. While some improvements have been made, interagency rivalry, duplicative planning, and conflicting policies still persist.

- Nonmilitary Federal lands are administered by five agencies in two departments. Agriculture's national forest lands and Interior's public domain lands generally involve the same types of resources and uses. These lands often are adjacent to each other and sometimes intermingled. Even though these lands are managed to meet similar objectives and frequently are used by the same clientele, management policies and procedures have been dissimilar or not uniformly applied. Their separate administration results in unnecessary problems for forest and range users, overlapping efforts, and less effective land use planning for public uses.
- Federal recreation areas are administered by six different agencies in three departments and by one independent agency. Each agency tends to plan its own recreation development without appropriate recognition of the regional public need or the interaction among Federal and non-Federal public and private facilities and programs to meet total needs.
- A variety of marine resources and environmental programs were located in several agencies of the Government, inhibiting the development of a cohesive national effort. Many of these were transferred to the National Oceanic and Atmospheric Administration by Reorganization Plan No. 4 of July 9, 1970. However, this still left the related offshore oil, gas, mineral resource, and earth sciences programs separately managed by Interior.
- Energy programs consist of separate activities concentrating on particular sources of energy. They are scattered among several agencies with no single agency charged with formulating and implementing a unified policy and approach to assure effective energy resources utilization and conservation and, at the same time, to meet future energy requirements and the achievement of environmental objectives.

The present government organizational structure is not conducive to effective natural resource management because there is no mechanism for the effective coordination of policies, authorities, programs, activities, and services, as discussed above. Specific results have been:

- In the Southeastern States, stream channel straightening and deepening (Agriculture) has been protested vigorously by the Department of the Interior, supported by certain conservation interests.

The process of balancing fish and wildlife and scenic values against economic development needs is unnecessarily frustrated by fragmented planning and evaluation responsibilities within the Federal Government.

- A Corps of Engineers' project for flood control and agricultural water supply had serious impacts on the Everglades National Park and on fish and wildlife values in south Florida as a result of incomplete planning and coordination. Settlement of the conflict would have been expedited had one department been responsible for consideration of all facets of the problem.
- Frequently the management objectives for coterminous lands administered by two or more agencies are significantly different. For example, in California there are three national parks—Lassen Volcanic, Yosemite, and Sequoia-Kings Canyon—that are almost completely surrounded by contiguous national forest lands of the Department of Agriculture. Forest infestation by the mountain pine beetle in epidemic proportions is a recurrent problem. Multiple-use forest management objectives usually call for rapid suppression of such outbreaks while national park management objectives call for letting ecological forces take their course in reaching a natural balance. Another example is the proposed recreational development of the Mineral King Valley in California which has resulted in significant interdepartmental disagreements between Interior's National Park Service and Agriculture's Forest Service. Thus, there are apparent conflicts of management principles between two agencies now in separate departments that could be more readily resolved within a new Department of Natural Resources.
- A proposed Corps of Engineers' water supply and flood control project on the Rappahannock River has direct impact on river recreational and scenic values, estuary areas, and sports fish and wildlife resources which are the responsibility of the Department of the Interior. There also are possible impacts on oyster beds used for commercial purposes which fall within the program area responsibilities of the National Oceanic and Atmospheric Administration, currently in the Department of Commerce.
- In California and in Oregon, the Corps of Engineers and the Bureau of Reclamation each contended it should build certain projects. These jurisdictional problems, which the Executive Office of the President has had to handle, often inadequately, need not arise if there were one water resource agency.
- The Bureau of Land Management typically manages lands of lower elevation while the Forest Service manages the higher areas. Quite often, a rancher desires to graze his livestock in the lower

areas in the spring and the higher areas during the summer. Dual management of these lands is an undue hardship to the rancher who must obtain permits from the two agencies.

The grouping together of natural resources programs with broad common purposes and the establishment of a coordinated natural resources management policy through the Department of Natural Resources will eliminate many of these problems, or enable the resolution of them within one department.

5. POLICY OF MINIMUM CHANGE CONSISTENT WITH DEPARTMENTAL GOALS

In planning the new department, consideration has been given to how to preserve necessary program continuity and effectiveness in meeting current needs. Upon enactment of the proposed legislation, existing organizational units transferred to the Department of Natural Resources will lapse. The Secretary will administratively reestablish these units so that they will remain relatively intact to avoid serious disruption of essential functions or services. However, he may be expected progressively to reorganize his department so that various programs and activities will come to be grouped around common purposes and functions to achieve the maximum potential benefits associated with the new departmental concepts. Making such transitions on a well-planned schedule will afford sufficient time to consider all factors and to assure the most orderly achievement of departmental objectives with a minimum of adverse impacts.

B. OBJECTIVES AND BENEFITS OF THE NEW DEPARTMENT

1. OBJECTIVES OF THE PROPOSED DEPARTMENT

To achieve national objectives the Department of Natural Resources must incorporate the necessary planning, policy formulation, program management, research, and other activities required for it to provide effective Federal leadership. However, Federal responsibilities will vary, depending on a number of factors such as ownership of resources and the responsibilities of the private sector and of the States and local governments. Recognition of these responsibilities is germane to the development and operation of the various functions of this Department.

It will be the function of the Department of Natural Resources—by providing national leadership and establishing effective working relationships with private organizations and individuals, State and local governments, and other Federal agencies, to:

- Foster the conservation, management, and utilization of natural resources, based upon studies and analyses of supply and demand and alternative measures for meeting such demand.
- Plan and undertake programs for the conservation, management, and utilization of land, water, forest, range, mineral, fish and wildlife resources.
- Help assure maintenance of the ecological balance necessary to sustain human and vital plant and animal life systems.
- Explore and survey the earth, the atmosphere, and the oceans and to assess their physical characteristics.
- Conduct scientific research and to encourage development of technology to conserve and effectively utilize natural resources with minimum impact on the environment.
- Undertake programs for the optimal development of various energy sources, including research on nuclear power and management of uranium raw materials and uranium enrichment.
- Provide physical and economic data, maps, charts, and hazard warnings, and other information regarding the earth, its atmosphere, and its oceans.
- Provide and enhance opportunities for outdoor recreation.
- Manage Federal public lands and other resources, including national parks, forests, wildlife refuges, and fish hatcheries.
- Preserve irreplaceable and unique park, wilderness, scientific, historic, fish and wildlife, and other biotic resources.
- Facilitate the development and protection of commercial fisheries.
- Foster the health and safety of miners.
- Assist in achieving oil and gas pipeline safety.
- Assist Indians, Alaskan Natives, and territorial peoples to achieve their cultural, social, and economic objectives.

2. EXPECTED BENEFITS AND IMPROVEMENTS

The general welfare of the Nation requires that its limited natural resources, including energy sources, be conserved, managed, and utilized so as to help achieve the highest practicable environmental quality; harmony between man and nature; social, economic, and community development; individual fulfillment; and the security of the American people of this and future generations. The establishment of the Department of Natural Resources will provide the necessary organizational capability for best achieving natural resources objectives, improving government operations, and assuring the coordinated and effective administration of programs. It will bring together and provide leadership and direction for all of those Federal activities which most directly relate to the discovery, assessment,

preservation, development, utilization, future adequacy and enjoyment of natural resources, including energy sources, and achieving a sound balance between preservation and development. By grouping together all natural resources programs with broad common purposes in the Department of Natural Resources, it will be possible to:

(a) Establish a center of responsibility for developing essential, broad, unified natural resources policies, such as energy policy and water policy, for consideration by the President, the Congress, and the people.

(b) Provide for necessary accountability to the public through discrete assignments of responsibilities on such matters as public land management.

(c) Simplify relationships of States, local governments, and the private sector with the Federal Government in natural resources matters.

(d) Allow the President to look to a single key official, the Secretary of Natural Resources, to carry out his administration's natural resources policies and programs.

(e) Provide greater effectiveness in the development of policies, plans, and evaluation of performance than is now possible with responsibilities and programs scattered among several agencies and with the small staff available to the President.

(f) Provide broader organizations to permit more adequate consideration of possible tradeoffs among competing programs.

(g) Rationalize balance among conflicting demands, for example, preservation versus development, in planning and managing resources.

(h) Encourage the resolution of most disagreements on resource problems at a departmental level rather than a higher level, or by having to resort to often inconclusive interagency coordinating mechanisms.

The proposed Department of Natural Resources will bring together in one agency most of the primary responsibilities and functions required to assure the most effective achievement of natural resources and related environmental objectives. The Secretary of the Department will have the necessary overall perspective and responsibility so that alternatives can receive proper consideration and conflicts can be resolved in the public interest. Federal policies and programs can be more responsive and coherent with appropriate emphasis and vigor as required to meet current and future social, cultural, and economic needs. Priorities can be better weighed in the development and implementation of national policies and programs. A wider range of alternative actions can be taken without jeopardy of administrative conflict. A clearly defined center of responsibility will mean that a con-

tinuous effort can be sustained to match national requirements for resources with action programs geared to meet them.

In addition to the substantive improvements for more effective planning, policy formulation, and programs set forth in the previous sections, there will be opportunity for administrative efficiencies and savings over the long run. The simple act of consolidating the related programs of existing agencies will permit some consolidation of common services and reduction in overhead staffing. Specific examples can be mentioned which will result in considerable improvement in operating efficiency, such as the combined use of data processing systems, ships, aircraft, and laboratories, which now separately exist in NOAA and USGS. Elimination of much of the need for coordination among agencies will reduce workload in such areas as remote sensing, coastal zone and Outer Continental Shelf mapping, and water supply forecasting. Other economies should result from the unified administration and management of Federal lands and the simplification of the present checkerboard pattern of administrative jurisdictions.

C. ORGANIZATION OF THE PROPOSED DEPARTMENT

1. ORGANIZATION STRUCTURE

There is much interdependence among natural resources programs. For example, the various sources of energy often are substitutable and competitive. How minerals are mined has an impact on other land and resource management activities, water quality, and on scenic value. Recreation depends on scenic value and on a number of resources such as land and water.

By not recognizing the interdependence, the present structure encourages fragmentation. Thus, a comprehensive response to natural resource problems is most difficult to make. By bringing together related programs and organizations with similar missions, the Secretary will have in one organization the necessary capabilities to make a comprehensive response to such problems.

Considerable thought and planning has been directed to this structure which will bring together under common direction, at the Administrator level, formerly competitive organizations and activities such as the Forest Service and the Bureau of Land Management; the Bureau of Reclamation, the Corps of Engineers' civil functions, and the Soil Conservation Service; and the conventional sources of energy

(coal, gas, and oil) and nuclear energy. At the same time, the organization structure will be made more comprehensive and more manageable.

Natural resources programs are conducive to being grouped into a small number of major components on the basis of common purposes. The reorganization will, therefore, bring together related resource functions in the following administrations: Land and Recreation Resources; Water Resources; Energy and Mineral Resources; Oceanic, Atmospheric, and Earth Sciences; and Indian and Territorial Affairs.

a. Land and Recreation Resources Administration.—This Administration will have two principal resource management objectives: land and recreation.

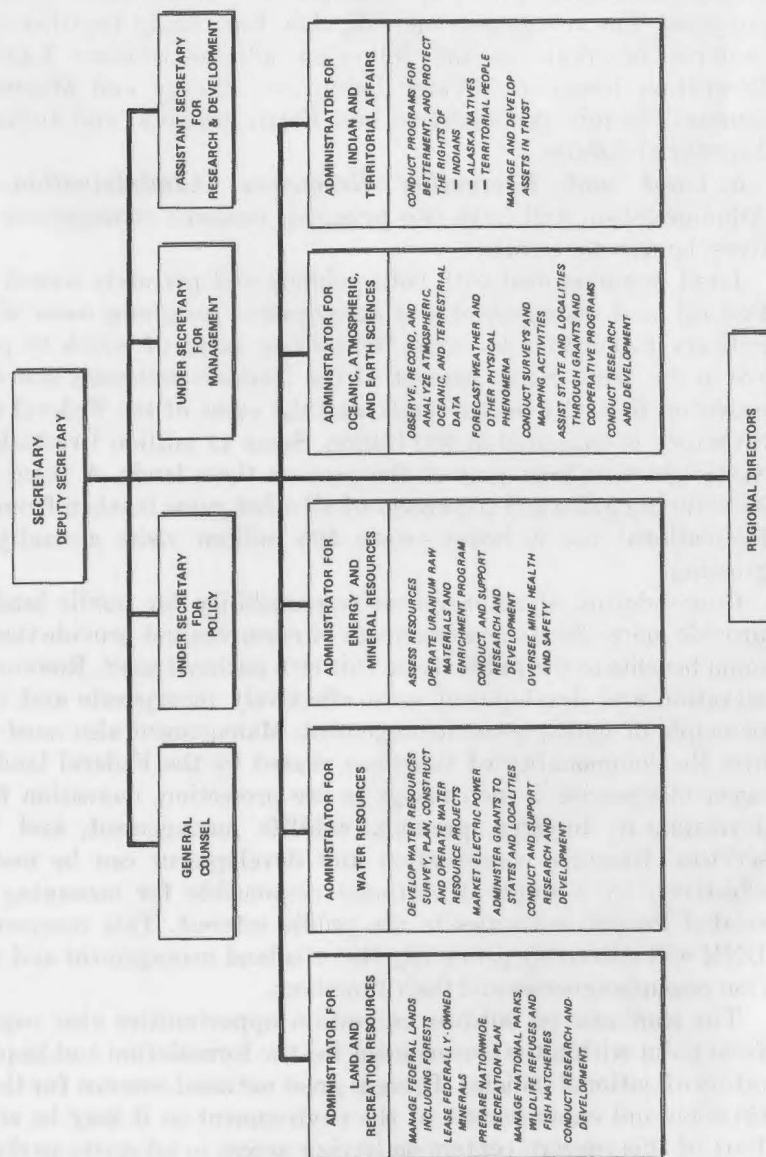
Land resources deal with both publicly and privately owned lands. Federal land management and development programs cover all non-military Federal lands—some 760 million acres, of which 90 percent are in the West. Sixty percent of the Nation's softwood saw timber grows on federally owned lands, and the value of the Federal timber inventory is estimated at \$30 billion. Some 19 million livestock in 31 States graze at least part of the year on these lands. A third of the Nation's big game and 10 percent of all other game is taken from them. Recreational use is heavy—some 500 million visits annually—and growing.

Consolidation of management responsibility for public lands will provide more effective management of resources and provide the maximum benefits to the public from this rich national asset. Resource conservation and development must effectively incorporate and use the principle of multiple-use management. Management also must recognize the commonality of functions shared by the Federal land management agencies in such things as fire protection, recreation facility development, forestry, grazing, wildlife management, and visitor services. Resource conservation and development can be met most effectively by a single department responsible for managing inter-related Federal activities in the public interest. This component of DNR will effectively group together the land management and recreation resource agencies and their functions.

The emphasis on outdoor recreation opportunities also requires a focal point within the Government for the formulation and implementation of national policies. There is great national concern for the preservation and enhancement of the environment so it may be enjoyed. Part of this concern centers on having access to adequate parks, open spaces, fish and wildlife, and other outdoor recreation resources and facilities. Recreation demand is increasing rapidly and varies widely depending on the desires of people and the nature of lands and facilities available. The provision of outdoor recreation opportunities depends



PROPOSED
DEPARTMENT OF NATURAL RESOURCES



on the private sector, local governments, States, and the Federal Government. The DNR will provide a center for coordinated relationships with the States and communities on outdoor recreation matters. The DNR will also provide the focus that considers all relevant factors so that Federal land and water recreation programs can be planned and evaluated, have priorities established, and be administered effectively.

Planning for the most effective development and utilization by the public of Federal recreation areas will be better coordinated with other land use, resource, and environmental factors. Water-based recreation is one of the most desired forms of outdoor recreation. Bureau of Reclamation and Corps of Engineers water projects provide significant recreation opportunities as part of national multiple-purpose water resources development. National forests and public domain lands provide outdoor recreation opportunities as part of multiple-use management of lands. The Forest Service and the Bureau of Land Management also administer wilderness and primitive areas, wild and scenic rivers, fish and wildlife, historical and other sites of cultural and recreation value. National parks and wildlife refuges have the primary mission of preservation and availability of unique natural, historic, or scientific areas, and fish and wildlife species for public enjoyment.

The functions of the land and recreation component are:

- Formulation and implementation of national recreation policy;
- Nationwide recreation planning;
- Technical and financial assistance to States (including grants) for planning, land acquisition, facility development, fish and wildlife, historic sites preservation;
- Formulation and implementation of national timber policy based on supply and demand projections;
- Technical and financial assistance to States (including grants) for fire protection, forest management, tree planting, insect and disease control;
- Research and information services;
- Management of federally owned lands:
 - Timber resource management;
 - Range resource management;
 - Provision of outdoor recreation resources and facilities;
 - Fish and wildlife management and preservation;
 - Preservation of unique natural resources and historic sites;
 - Mineral resource management;
 - Natural resource preservation;
 - Soil and moisture conservation;
 - Resource protection; and
 - Related environmental considerations.

The organizational entities that would be transferred to this component are:

From Agriculture: Forest Service.

From Interior:

Bureau of Outdoor Recreation;

Bureau of Land Management;

National Park Service; and

Bureau of Sport Fisheries and Wildlife.

The Forest Service is a land management agency devoted to the same basic purposes as most of the other land management agencies of the Federal Government. Over 85 percent of its funds are spent on managing 187 million acres of public forest and range lands, a function similar in purpose and scope to that of the Bureau of Land Management. The importance of the national forests as a recreation resource is attested to by 190 million annual visits. The Forest Service not only shares activities with common purposes with the Bureau of Land Management, but also fish and wildlife management with the Bureau of Sport Fisheries and Wildlife, and recreation with the Bureau of Outdoor Recreation and the National Park Service. It also has the Federal Government's principal forest resources research capabilities, which play an essential role in improving the management of all of the Nation's forest resources—Federal, State, and private.

But it is not only the commonality of purposes which justifies placing the Forest Service with other Interior bureaus in the DNR. Common management would enable better planning of timber harvests, better location of facilities to meet recreational demands, and other improvements for more efficient and consistent management of the now separate tracts which make up the aggregate of Federal lands.

The rapidly increasing use of forest lands for timber and forage, recreational areas, management of wildlife, preservation of scenic beauty, and protection of downstream lands from floods and erosion dictates their placement in the DNR, where all competing claims may be balanced. This should result in more effective land management and a greater overall contribution to the public good.

b. Water Resources Administration.—Planning, development, and management of the Nation's water resources are the responsibility of many Federal, State, and local agencies, as well as private interests. There is little dispute that the Federal Government should encourage comprehensive river basin planning in which all interested parties participate to meet immediate and long-range water-related needs. Construction of projects by Federal agencies should be integrally incorporated to fit these plans in proper sequence and timing.

With this objective in mind, the Congress established the Water Resources Council to take the lead in water resources planning, guide the activities of the several Federal agencies, and bring order to water resources policy. While the Council has made progress, it has had limited effectiveness in policy development and guidance of Federal water resources programs due, in part, to its interagency character.

Critical to the realization of an integrated national policy for water resources management and use are the water planning and project evaluation functions. The responsibility for the determination of national water resource policy and the preparation of water resource plans needs to be transferred from the Corps of Engineers (Army), the Soil Conservation Service (Agriculture), and the Bureau of Reclamation (Interior) to the Department of Natural Resources. That Department would then have clear responsibility for evaluating water resources projects for their compliance with national policy and plans and for making decisions as to which projects should be recommended for implementation.

The functions of the Water Resources Administration of DNR are:

Formulation and implementation of national water resources policy;

Assistance (grants) to States;

Water resources planning, development, and management;

Provision of certain outdoor recreation facilities;

Fish and wildlife management;

Flood control and hurricane protection;

Improvement of navigation;

Provision of irrigation and municipal and industrial water supply;

Conservation of soil;

Marketing of electric power from Federal water projects;

Research and informational services; and

Related environmental activities.

The organizational entities and programs that would be transferred to this component are:

From Interior:

Bureau of Reclamation;

Office of Saline Water;

Office of Water Resources Research; and

Power marketing agencies.

From Army: Corps of Engineers—civil functions (policy, planning, and funding).

From Agriculture:

Soil Conservation Service (including watershed loans and resource conservation and development loans made by the Farmers Home Administration);

Economic Research Service—natural resource economics research; and

Agricultural Research Service—soil and water conservation research.

From Water Resources Council: all functions (planning, policy, and grants).

The construction capabilities of the Soil Conservation Service and the Bureau of Reclamation would be more closely integrated and coordinated to accomplish detailed project cost estimating, engineering, and construction.

The planning, project evaluation, and policy formulation functions of the Corps of Engineers would be transferred to DNR. This will allow a single Federal agency, the DNR, to consider all facets of water problems and programs, and their interrelationships with land use and other resource programs and to assess priorities. The Corps civil works program would be funded through the DNR. Regional planning offices of DNR would provide comprehensive river basin planning and overall direction and monitoring of the Corps project planning. The Corps would continue to carry out the design, construction, and operation of projects. This arrangement will retain the opportunity for training military officers and the quick-response construction capability of the Corps to meet mobilization requirements and to provide assistance in times of natural disasters and other emergencies.

The Office of Saline Water and the Office of Water Resources Research would also be included in the Water Resources component of the DNR.

The Secretary of the Department of Natural Resources would receive the statutory powers of the Water Resources Council, including policy formulation, comprehensive river basin planning, and the administration of planning grants to the States.

One of the most significant changes from present organizational and program arrangements will be the centralized development of water resource policy, comprehensive planning, and project evaluation within the DNR. The DNR planning offices, cooperating with State and local interests, would do the multiobjective comprehensive planning and advise as to which potential projects fit properly into regional and national plans. Use will be made of uniform principles, standards, procedures and processes for planning, and evaluation of water and related land resource development projects.

With these consolidations, all of the significant policy formulation, planning, and project evaluation activities associated with water resources projects will be placed in the hands of a single Cabinet officer. This will make it possible for him to shape water resources programs to meet effectively the needs of our Nation in the decades ahead.

c. Energy and Mineral Resources Administration.—Energy is a vital ingredient in our national life. Without it, nearly everything stops—as we discovered in the Northeast blackout several years ago. Energy consumption is growing five times as fast as population, and countless industrial processes depend on increasing amounts of fuels and electric power. Our affluent society has come to depend upon conveniences using energy to a degree unknown a few decades ago.

Insuring an adequate energy supply to meet these future needs, while preserving the quality of our environment, is a fundamental priority for our Nation. The Federal interest in the energy field is all the more sharpened by the fact that more than half of our oil and gas resources, and over one-third of our coal and uranium, are on Federal lands.

The function of the Energy and Mineral Resources Administration are:

- Formulation and implementation of national energy resources policy;
- Development of energy production technology;
- Development of resource development and utilization technology;
- Management of uranium stockpile;
- Production of enriched uranium;
- Ore body and resource delineation and information;
- Resource conservation;
- Supply, demand, and other economic information;
- Mining, recovery, processing, and utilization studies;
- Waste disposal, reuse, recycling, and substitute studies;
- Protection and restoration of mined areas;
- Research and information services;
- Fostering mining health and safety;
- Fostering oil and gas pipeline safety; and
- Related environmental considerations.

The organizational entities and programs that would be transferred to this component are:

From Interior:

- Bureau of Mines;
- Office of Coal Research;
- Office of Oil and Gas;
- Defense Electric Power Administration; and
- Underground power transmission research.

From Atomic Energy Commission:

- Raw materials management;
- Uranium enrichment;
- Civilian nuclear power and nonnuclear energy programs (policy, planning, and funding); and
- Natural resource activities of Peaceful Nuclear Explosives (Plowshare) program (policy, planning, funding, and industry relations).

From Transportation: Office of Pipeline Safety.

Some Federal energy programs are administered by separate agencies which promote particular forms of energy, such as the Bureau of Mines, the Office of Coal Research, or the Atomic Energy Commission. These programs were initiated to meet a specific problem. No responsibility was assumed for considering the impact of one program on the other. It is now time to take steps to assure the adequacy of government organization for formulating a cohesive energy policy to meet future needs.

Since a change in policy regarding one form of energy may profoundly affect competitive forms, energy programs should be organized as a unit. Only in this way can competing interests be adequately evaluated. In the future, certain energy materials may need to be conserved for other purposes, such as the production of plastics. One agency which includes all the energy programs, and is charged with optimizing the use of natural resources, can make the necessary tradeoffs.

International negotiations, such as those with Canada and Mexico to develop a North American energy policy, would be simplified with the establishment of a single energy agency.

Federal energy policy could be better integrated since it would be formulated with all energy activities in mind. Broader scope and greater balance would be given to nationally supported research and development work in the energy field. Finally, an energy organization would help assure more economic and effective use of our total energy resources.

Nonfuel mineral activities of the consolidated agencies would continue to be located with their energy-mineral counterparts, as separation would offer no significant benefits and would unnecessarily disrupt existing organizations. The Bureau of Mines' health and safety activities would be transferred to DNR along with the other programs of that Bureau because of the close interrelationship of health and safety activities to research on mining technology.

Many of the constituent agencies of the "Energy and Mineral Resources" component are presently located in the Interior Department—the major shift involves transfer of the civilian power programs from the AEC.

The Atomic Energy Commission was created in 1946 to handle all aspects of atomic energy. It has been successful in its various missions, including advancing technology to the point where nuclear power is becoming a realistic alternative to other forms of energy. With this fact in mind, certain of the AEC's energy activities should be consolidated with other energy activities in an agency charged with the mission of insuring that the total energy resources of the Nation are effectively used.

The benefits to be obtained from a balanced and integrated power program are the overriding consideration. The time has come when the need to nurture a new energy technology, which was part of the justification for the separate organization of the AEC in 1946, should give way to an organization formed around the purpose to which that technology was directed.

The uranium raw materials and enrichment programs are proposed for transfer to DNR. The DNR would fund and establish policy and priorities for the natural resources related aspects of Plowshare, non-nuclear energy programs, and the development of civilian nuclear power reactors, based upon overall energy needs and competitive resources. However, the AEC will continue to conduct the research, development, and demonstration (including safety) in the latter three programs because of its expertise and facilities, and the close interrelationship with other nuclear programs conducted by AEC. Section 201 (a) of Public Law 92-84, August 11, 1971, amended the Atomic Energy Act of 1954, extending AEC's research authority to include nonnuclear energy research. Transfer of this authority is also necessary to assure DNR's leadership role in Federal energy matters. The AEC will continue its program of controlled thermonuclear research until such time as the scientific feasibility has been demonstrated.

d. Oceanic, Atmospheric, and Earth Sciences Administration.—

Federal efforts to increase knowledge of the physical environment and to improve our ability to predict and modify geophysical phenomena, would be brought together into one component. So organized, these programs can better serve to help us understand the earth, its waters and atmosphere, and the physical processes that govern our planet. There is now a realization of the interactions of the oceans, the atmosphere, and lands in predicting weather and understanding the causes of natural disasters.

The functions of the Oceanic, Atmospheric, and Earth Sciences Administration are:

- National weather services;
- Resource and environmental remote sensing studies;
- Operation of environmental satellites;
- Geologic and soil investigations and surveys;
- Water data collection and investigations;
- Environmental data services;
- Earth hazard programs (earthquake, volcano, landslides, etc.);
- Predictions of natural hazards and warnings for public health and safety;
- Topographic and other mapping and charting services;
- Ocean and lake surveys, investigations, and research;
- Fishery resources management, research, and assistance to industry;
- Research and information services; and
- Technical and financial assistance to States.

The organizational entities that would be transferred to this component are:

From Interior: Geological Survey.

From Commerce: National Oceanic and Atmospheric Administration.

Both the Geological Survey and NOAA combine scientific skills with data gathering and dissemination services required by many different users. Much of the activity of both agencies is carried out for other Federal agencies. In some earthquake, hydrology, and mapping activities, they conduct similar and sometimes overlapping operations. These duplications should be eliminated by bringing the two organizations together. For example, there is no comprehensive system in a single organization for the forecasting of extreme water supply conditions (floods and droughts). The USGS keeps data on ground water levels, reservoir storage, river flow, river stage, and snow cover. At the same time, NOAA gathers similar data to provide forecasts of river flow, precipitation, and warnings of flood and low water.

There are also major opportunities for consolidating and improving related surveying, mapping, and charting programs that now exist within these organizations.

Because the services of NOAA are widely used, no compelling logic dictates its location in any specific department. However, when NOAA

is combined with the Geological Survey and related science service activities, the resulting entity has closer ties to the proposed DNR than to any other department. For example, the marine resource programs of NOAA are related to DNR responsibilities regarding the development and use of offshore oil, gas, and other mineral resources. For that reason, an "Oceanic, Atmospheric, and Earth Sciences" component of the DNR is proposed to emphasize that this agency serves all components of the new Department, as well as other government agencies and private users.

e. Indian and Territorial Affairs Administration.—The social, cultural, and economic needs of Indians, Alaskan Natives, and territorial peoples are acute and require special handling. The President has enunciated his policy of providing Indians with greater self-determination over the management of their affairs. The challenge is to focus the resources of the Federal Government to meet the unique needs of different cultures in ways that allow the recipients to determine their own priorities.

The functions of Indian and Territorial Affairs Administration are:

- Education;
- Natural resource and economic development;
- Public safety;
- Job training and placement; and
- Community services and facilities.

The organizational entities that would be transferred to this component are: From Interior—Office of Territories; Bureau of Indian Affairs.

The Indian and territorial programs are included in the Department of Natural Resources at this time because of their historical association with the natural resource functions of the Department of the Interior. Most Indians in the past have rejected proposals for transfer of the Indian programs to other departments. Any transfer proposal will have the full involvement and participation of the Indian and territorial peoples. These programs therefore are proposed for inclusion in the Department of Natural Resources, subject to further study.

2. BUDGET AND MANPOWER SUMMARY

Total fiscal year 1972 outlays for the proposed Department of Natural Resources, based on the President's 1973 budget, would be approximately \$6 billion. Permanent employment would total approxi-

mately 106,500. Distribution by major program components would be approximately:

	1972 outlays (dollars in millions)	Permanent employment
Land and recreation resources-----	\$1,535	35,697
Water resources-----	2,536	28,286
Energy and minerals resources-----	782	6,089
Oceanic, atmospheric, and earth sciences-----	427	20,454
Indian and territorial affairs-----	657	14,272
Other -----	28	1,677
Total -----	\$5,965	106,475

3. FIELD ORGANIZATION

Over 3,000 field offices from the various components proposed for inclusion in DNR will comprise the Department's field organization. The offices include research laboratories, weather stations, national forests and parks, wildlife refuges, public domain lands, water development projects, and fish hatcheries. The heads of these various field stations and offices will be responsible for the management and execution of the functions assigned them in accordance with policies and criteria established by the Secretary and his program administrators. Their field counterparts are the regional director and the regional administrator.

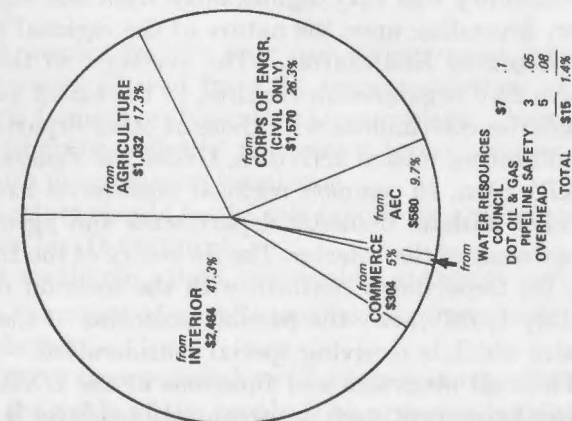
The field organization has key importance for the Department of Natural Resources. It is at the field office that the public has its principal point of contact with the Department. Of equal importance, the Department of Natural Resources deals to a great extent with problems of a regional nature. The particular mission of this Department relates to land, sea, and air values which frequently have an initial effect on the adjacent geography, before any national effect is felt. Thus, in implementing its program responsibilities, the Department of Natural Resources has a particular need to "decentralize." Many natural resource programs must be coordinated and implemented at the State and local levels according to the particular needs, problems, and opportunities of each region. State and local governments must be encouraged to participate in the overall resource planning and to mesh their assistance, management, and development into the national strategies.

a. Regional Directors.—The Department's Washington leadership makes and interprets policy, establishes national priorities, promulgates standards, criteria, and procedures for all levels of field operation, and provides for overall program administration. Most natural resources program execution takes place in the field and requires direction by key regional officials.

The Proposed Department of Natural Resources

BUDGET OUTLAYS

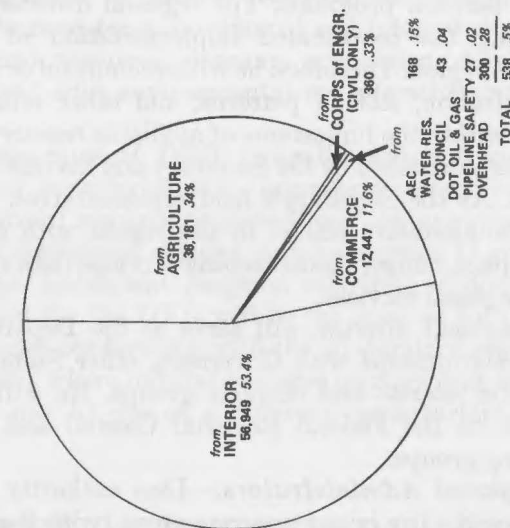
of
Programs to be Transferred
(in Millions)
TOTAL - \$5,965 Million



ALL DATA - FISCAL YEAR 1972

EMPLOYMENT

of
Programs to be Transferred
(Full-time, Permanent)
TOTAL - 106,475 Employees



FEBRUARY, 1972

The regional director will be appointed by the Secretary and will be delegated selective authority to perform regional planning which cuts across program lines, to coordinate operations, and to resolve conflicts between programs. The regional director is responsible for facilitating the coordinated implementation of DNR's programs within his region. Therefore, he will recommend or implement changes in organization, staffing patterns, and other related administrative matters, within the limitations of available resources and of priorities and plans established by the Secretary and his central program administrators. As the Secretary's field representative, he will also be the chief administrative official in the region with authority over personnel, space, budget, housekeeping services, data systems, and evaluation of regional services.

The regional director will serve as the Department's representative in relationships with Governors, other State and local officials, and public interest and clientele groups. He will represent his Department on the Federal Regional Council and other regional coordinating groups.

b. Regional Administrators.—Line authority over programs representing the five broad program areas (with the likely exception of the Indian and Territorial Affairs Administration) will be exercised by the regional administrators. They will report directly to their counterparts in Washington. Regional administrators will generally be responsible for the regional operations within their respective program areas. They will be held accountable for the day-to-day program decisions and operations. The magnitude of a regional administrator's responsibility will vary significantly from one administration to another, depending upon the nature of the regional programs involved.

c. Regional Boundaries.—The oversight of the Department's extensive field organization requires, to the extent practicable, regional boundaries coterminous with those of other departments and agencies administering related activities. Under the Federal assistance review (FAR) plan, 10 common regional boundaries have been established for most Federal domestic departments and agencies, including the Department of the Interior. The Secretary of the Interior has directed that his Department conform with the common regional boundaries by July 1, 1972, with the possible exception of the Bureau of Indian Affairs which is receiving special consideration.

While all programs and functions of the DNR may not require a regional structure, such an organizational level is necessary to carry out effectively most of the missions of the Department. The proposed units of the Department of Natural Resources have developed over the years their respective regional organizations so as best to accommodate their individual administrative needs. In the past, no overall

departmental standard or guidance dictated common regional organizations or boundaries; hence, no two of the existing regional boundary patterns are alike. The current national emphasis on problems of the environment, management of natural resources, and the quality of life has increased the need for a coordinated and integrated approach to insure that natural resources planning, acquisition, development, and use are consistent with environmental considerations and other national goals.

The basic field structure of DNR generally will conform to the 10 common regional boundaries with appropriate modification to allow for special natural resource considerations. An exception might be the combining of contiguous regions, such as Regions II and III in the Northeast, where insufficient program activities so dictate. The regional headquarters for the DNR will be the same as for other departments and agencies conforming with the 10 standard regions, except in those instances where natural resource management needs can be more effectively met by use of a different headquarters location within the region.

D. MANAGEMENT OF THE NEW DEPARTMENT

The management of the Department of Natural Resources will be achieved through effective management techniques and methods. In addition, the proposed reorganization, by establishing a clear purpose for the Department and by bringing together programs of similar purpose, will further enhance manageability.

1. PERSPECTIVE

The management concept for the four new Departments is based upon three key principles derived from the recommendations of the President's Advisory Council on Executive Organization. These are:

- (a) That each Department should represent a broad purpose and have sufficient breadth to accomplish its mission.
- (b) That the Secretary should be the sole repository and source of all authority within his Department.
- (c) That, to the maximum extent practicable, authority and responsibility for the operation of each Department's programs should be decentralized to the field.

The implementation of these principles will produce an organization fully responsive to the needs of the people. The proposed legislation for the establishment of the new Departments is based on these principles.

2. CLARITY OF PURPOSE

By creating a Department of Natural Resources, the objective of conserving and managing the Nation's natural resources becomes clear-

ly the purpose of a single department of government for the first time. Until now, this important purpose was shared by several major departments, so that the President was the only person who had full responsibility, and he had to be concerned with coordinating the various programs. Now, the major responsibility for natural resources functions of the Federal Government will be vested in the Secretary of the Department of Natural Resources and he can be held accountable for results.

3. KEY OFFICIALS

The key officials of the Department are as follows:

(a) The Secretary who, once he has selected his key officials, will concern himself primarily with the strategy for his Department, its goals and priorities, and its overall performance, and will be its spokesman to the President, the Congress, and the public.

(b) The Deputy Secretary who, as the "alter ego" of the Secretary, serves as the general manager for the Department with responsibility for allocating resources, assessing the quality of program performance, and harmonizing the efforts of the line and staff elements.

(c) Two Under Secretaries to serve as staff arms of the departmental leadership in such areas as the development of overall policy, strategy, and plans for implementation, and to be responsible for organization, business management, information systems, resources deployment, and the efficiency and effectiveness of the Department.

(d) An Assistant Secretary for Research and Development who, in direct support of the departmental leadership, guides, promotes, evaluates, and coordinates the research, technology, and technology transfer activities of the Department.

(e) Administrators with line authority over programs representing broad subdivisions of the Department. There would be an administrator for each of the first tier organizations; for example, Land and Recreation Resources Administration, and Energy and Mineral Resources Administration. These key officials appointed by the President and confirmed by the Senate will be accountable for the success or failure of those programs under their purview. They will be the managers and implementors of the Department's programs.

4. ADEQUATE AUTHORITY

The Secretary must have wide flexibility to manage his Department effectively. This depends on the Secretary having:

- Statutory authority rather than his subordinates;
- Authority to organize his Department;
- Authority to appoint his subordinates; and
- An appropriate appropriation structure.

Statutory Authority.—The Secretary is responsible for his Department and he is held accountable. Thus, statutory authority regarding his Department must reside with him rather than his subordinates. He can then delegate authority to them with commensurate accountability for results. The proposed reorganization legislation will place all statutory authority in the Secretary.

Authority To Organize.—The Secretary must be able to organize his Department in a manner that will group interdependent programs with similar missions so that the Department's objectives can be effectively and efficiently achieved. He must be able to centralize policy formulation and decentralize operations so that program outputs may be delivered on a timely basis for the benefit of the people. The proposed reorganization legislation will give the Secretary power to organize his Department.

Authority To Appoint.—The Secretary must be able to select subordinates. The Secretary is held accountable for his Department and he should have the authority to run it. The proposed reorganization legislation will give him this capability.

Appropriation Structure.—The existing multitude of appropriations to the various constituent units of a department forms an obstacle to effective management. It causes compartmentalization and rigidity—making it difficult to cope with changing conditions and shifting priorities. An appropriation structure for the new Department will be proposed to help correct this situation.

5. ADEQUATE STAFF

The Secretary must have adequate staff to effectively manage his Department. The Secretary especially needs staff for:

- Planning, policy formulation, program evaluation; and
- Establishment and operation of management systems.

Planning, Policy Formulation, and Program Evaluation.—Attainment of departmental goals will be enhanced by a plan of operation which sets concrete objectives for each element of the organization; milestones of progress; clear and specific assignments of responsibility; and a reporting system for regularly monitoring progress. As part of this anticipatory planning process, programs and policies can be formulated and evaluated and recommendations made to the Secretary. This will decrease the need to adopt ad hoc policies in response to crises and assist the Secretary in keeping on top of his Department.

The Secretary needs staff that is concerned with the entire Department so that policies are consistent and tradeoffs among programs can be considered. He needs staff who can assist and work with the program administrators to solve a host of problems so that only the larger problems need the attention of the Secretary.

While the proposed reorganization is not necessary for planning, policy formulation, and program evaluation, the reorganization will bring together related programs with similar objectives so that a more effective job can be done.

Management Systems.—Effective management systems for the control and improvement of departmental operations will enable the Secretary and other top managers to make the best use of manpower, funds, and facilities. Such systems will also facilitate corrective actions where program execution needs improvement.

6. APPROPRIATION STRUCTURE

The new Department of Natural Resources will require a new appropriation structure, merging and consolidating the accounts now in use for the activities being moved to the new Department. The revised appropriation structure should assist management effectiveness and provide the flexibility to respond to rapidly changing conditions.

To facilitate effective management, the structure must correspond to the organization of the new Department. Further, appropriations should be made to the Secretary, with some appropriation items identified to the level of the first major program grouping of the Department. With the concurrence of the Congress, this should result in a simplification of the appropriation structure and facilitate legislative review of the President's budget requests.

The existence of many relatively small "pockets" of appropriations, transferred from the existing departments and agencies, could be a handicap to the new Department in integrating its operations as well as a handicap to the Congress and the public in understanding the Federal budget. It is not the intent of the measures discussed here to freeze an appropriation pattern for all time. An appropriation structure is subject to change by Congress from year to year, and indeed should be changed as programs and organizations are modified.

It is contemplated that two principal appropriation accounts will be proposed for each major program grouping of the Department. The first includes financing for day-to-day operating expenses and other activities for which the requirements for a specific year can be readily estimated. This 1-year appropriation would facilitate annual congressional review.

The second proposed appropriation would cover funds for construction, land acquisition, project-oriented research, and certain types of loan and grant activities for which there is a need for longer term availability. In these cases, "no year" appropriations would be proposed; that is, such amounts would be available until expended.

In addition, the financial accounts of the Department will continue to provide separately for the major trust funds and for the various public enterprise funds transferred to the Department. To the extent

that the Department receives and administers "earmarked" funds which have been created by statute, the statutory provisions would be observed; e.g., the Land and Water Conservation Fund and the Migratory Bird Conservation Fund. A working capital fund at the departmental level to finance departmentwide administrative services is also desirable. Service funds could also be established where necessary to merge accounts which provide for services performed for others at a charge approximating cost, or which continue earmarking now required by law in connection with programs of the Department.

E. RELATED CONSIDERATIONS

1. RELATIONSHIP TO STATE AND LOCAL GOVERNMENTS, THE PUBLIC, AND OTHER FEDERAL AGENCIES

The basic concept of the President's reorganization plan is to enable the Government to do a better job in meeting the needs of the people. This is the primary reason for organizing the four new Departments around the major purposes of Government. The responsibility for solving problems related to the conservation, development, and utilization of natural and energy resources will be focused and concentrated in the Department of Natural Resources. Most of the major natural resources and related environmental programs will be brought together in one governmental organization, and the Secretary will be held accountable.

State and local governments and the public will be able to do business relating to natural resources with one department rather than several agencies. Thus, the reorganization will simplify their relationship to the Government. Furthermore, it will be possible to assist them more efficiently and effectively.

Federal interagency coordination and relationships also should be significantly improved. Questions regarding such matters as energy and water resources policies and programs can be resolved within one responsible and accountable department.

However, because of the interrelatedness of the various sectors of modern society and some commonality of purpose between the Department of Natural Resources and other Federal agencies, coordination will continue to be required. For example, the responsibilities of the Environmental Protection Agency relating to air and water pollution, pesticides, and disposal of solid wastes have an impact on the development and utilization of natural resources. The weapons development program and technical expertise of the Atomic Energy Commission bear some relationship to the civilian nuclear power programs proposed for transfer to DNR. Forest, water, and energy resources contribute to economic and community development.

All factors considered, external relationships should be improved greatly with a corresponding improvement in the effectiveness of the total Federal-State-local government-private sector effort for achievement of overall national goals.

2. RELATIONSHIP TO REVENUE SHARING PROPOSALS

The revenue sharing plan proposed by the President will provide funds for State and local governments in a way that will:

- Assign both revenues and management discretion to those levels of government closest to the problem;
- Alleviate the fiscal problems of State and local governments by providing additional unrestricted revenues through general revenue sharing and by eliminating the present matching requirements of the categorical grants being absorbed into special revenue sharing; and
- Make State and local elected officials responsible for capably dealing with their problems.

Under the President's proposal, only those existing grant programs for which there is a clear, continuing national requirement will be maintained; for example, the Land and Water Conservation Fund which provides grants for planning, land acquisition, and development of land, water areas, and facilities needed to provide people with recreation opportunities.

Characteristically, the programs recommended for conversion to special revenue sharing programs deal with top priority national problems which have State and local solutions and benefits. These are in six broad functional areas: transportation, education, urban and rural community development, manpower training, and law enforcement. Of the programs to be transferred to the Department of Natural Resources, four categorical grant programs are proposed for conversion to the special revenue sharing program. These are the Forest Service's grants for forestry assistance (\$25 million) and tree planting assistance (\$1 million) and the Soil Conservation Service's grants for Resources Conservation and Development (\$4 million) and the Great Plains Conservation program (\$11 million). These are planned for conversion to special revenue sharing for rural community development.

These four grant programs will continue in the Department of Natural Resources until the special revenue sharing legislation is enacted. However, if the revenue sharing legislation is enacted prior to the establishment of the Department of Natural Resources, the four grant programs would not transfer to the new Department. The revenue sharing program for rural community development will be administered by one of the existing departments or the new Department of

Community Development, depending on which is in existence at the time. In any event, appropriate arrangements would be made to serve existing Federal commitments.

No changes are contemplated in the revenue sharing associated with receipts from the sale or lease of federally owned resources such as land, timber, forage, and minerals, or from excise taxes on hunting and fishing equipment.

3. SAFEGUARDS FOR FEDERAL PERSONNEL

The proposed governmental reorganization will directly involve seven of the present Cabinet Departments and several independent agencies. Programs and services will be grouped according to similarity of purpose. The changes proposed are not in what the Government does, but, rather, in the manner in which the Government's business is conducted. These changes, while primarily affecting programs, also will affect each Federal employee and it is expected that they will participate fully in accomplishing the reorganization. To that end, current plans include sound provisions to insure that disruption to employees will be kept to an absolute minimum, that cutbacks in staffs, where necessary, will be taken care of by attrition, and that actions which could adversely affect employees are to be avoided.

More specifically, it can be stated that no employee will be separated because of the reorganization. In addition, the reorganization bills include a provision that no employee will be reduced in classification or compensation as a result of the plan for 1 year after the reorganization becomes effective. All movements of functions and jobs will be governed by current law and Civil Service Commission regulations, with full employee protection and appeal rights. From another standpoint, the reorganization can be viewed as improving the range of opportunities for promotion and career development, as more broadly conceived program management and staff positions evolve in the new departments. Full consideration is being given to the impact of reorganization on the existence of union recognition and agreements, in light of possible changes in unit structure that may result from transfers, realignments, and combinations.

The reorganization bills provide salary retention for an Executive Level Officer (Levels I to V) who is transferred to a new department and is assigned to a position with duties comparable to those he performed immediately preceding the transfer, for the duration of his service in the new position. This provision permits the proposed departments to retain the services of its experienced executives, who might seek other positions if they were to suffer a loss in pay, and thus provides for essential continuity of operations during the formative phases of the Department.

SUMMARY OF REVISIONS

Analysis of Differences Between This Department of Natural Resources Bill and the Comparable Bill Submitted on March 25, 1971

This bill is identical with the earlier bill except as noted herein—

1. Section 201(c)(2) has been revised by deleting the functions of the Coastal Engineering Research Center and the Board on Coastal Engineering Research which would have been transferred to the Department of Natural Resources. These two units are directly connected with activities that will continue to be accomplished by the Corps of Engineers, namely, research and development in order to improve the design and maintenance of coastal engineering works and to provide consultative advice on coastal engineering projects and design.

2. A new subsection (h) has been added to section 301. This is a technical amendment. Subsection (e) of section 301 transfers the Soil Conservation Service to the Department of Natural Resources. This new subsection is designed to obviate any doubt that the authority with respect to watershed and other loans will continue to be available to the Service. It transfers to the Secretary the loan functions carried out by the Farmers Home Administration for resource conservation and development and watershed protection.

3. Section 301(k) (as relettered) has been slightly revised to reflect the authority granted on August 11, 1971 (sec. 201(a) of Public Law 92-84) which extended AEC's research authority to include nonnuclear energy research. The revision also clarifies the bill's original intention that only those portions of the Plowshare program relating to natural resources are transferred.

4. Section 411, relating to the acquisition of special purpose facilities, has been rewritten to clarify its purpose and to assure the preservation of the present role of the General Services Administration with respect to the acquisition of other facilities. This is considered to be a purely technical revision of this section.

5. Section 413 has been slightly revised but the changes are purely technical and self-explanatory.

6. Former section 417, relating to printing, has been omitted in response to congressional preference to maintain the *status quo* with respect to printing authority.

7. Former section 426, relating to no-year appropriations, has been deleted in view of congressional preference to deal with this matter in other legislation.

A BILL

To promote more effective management of certain related functions of the executive branch by reorganizing and consolidating those functions in a new Department of Natural Resources, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Department of Natural Resources Act."

TITLE I

Declaration of Purpose

SECTION 101. (a) (1) The Congress hereby declares that the general welfare of the Nation requires that its limited natural resources, including energy sources, be conserved, managed, and utilized so as to help achieve the highest practicable environmental quality, harmony between man and nature, economic and community development, individual fulfillment, and security of the American people of this and future generations.

(2) The Congress further declares that, while recognizing the substantial responsibility of State and local governments, private organizations and individuals for natural resources, the Federal Government has a national responsibility to practice, with respect to the natural resources it administers, and to foster the practice of, with respect to natural resources administered by others, appropriate conservation, management and utilization policies.

(b) To best achieve these objectives, improve Government operations, and assure the coordinated and effective administration of natural resource programs, the Congress finds that it is necessary to establish a Department of Natural Resources to bring together and provide leadership and direction for all those Federal activities which most directly relate to the discovery, assessment, preservation, development, utilization, future adequacy, and enjoyment of natural resources, including energy sources, achieving a sound balance between preservation and development. The Congress further finds that it is appropriate for the Department of Natural Resources to administer the trust responsibility for, and selected programs to assist, the Indians, Alaska natives, and territorial peoples.

(c) Among other things it shall be the function of the Department of Natural Resources, through providing national leadership and establishing effective working relationships with State and local governments, public and private institutions and individuals, and other Federal agencies, to foster the conservation, management, and utilization of natural resources; help assure maintenance of the ecological balance necessary to sustain human and unique plant and animal life systems; explore and survey the earth, the atmosphere, and the oceans; conduct scientific research and encourage development of technology to conserve and efficiently utilize natural resources with minimum impact on the environment; undertake programs for the optimal development of various energy sources, including nuclear power; provide physical and economic data, maps, charts, and hazard warnings; manage Federal lands, including national parks and forests, and minerals; preserve irreplaceable park, wilderness, scientific, historic, fish and wildlife resources; assist in providing outdoor recreational opportunities; and undertake programs for the conservation, management, and utilization of land, water, forest, range, mineral, fish and wildlife resources; and to provide for the fulfillment of Federal trust responsibilities over land and other resources of Indians, Alaska natives and territorial peoples and assist such peoples to achieve their cultural and economic objectives.

TITLE II

Establishment of Department

SECTION 201. (a) There is hereby established at the seat of government an executive department to be known as the Department of Natural Resources (hereinafter referred to as the "Department"). There shall be at the head of the Department a Secretary of Natural Resources (hereinafter referred to as the "Secretary"), who shall be appointed by the President by and with the advice and consent of the Senate. The Secretary shall receive compensation at the rate now or hereafter prescribed for offices and positions at Level I of the Executive Schedule (5 U.S.C. 5312). The Department shall be administered under the supervision and direction of the Secretary, who shall be responsible for the efficient and coordinated management of the Department.

SEC. 202. (a) There shall be in the Department a Deputy Secretary who shall be appointed by the President by and with the advice and consent of the Senate and who shall receive compensation at the rate now or hereafter prescribed for offices and positions at Level II of the Executive Schedule (5 U.S.C. 5313).

(b) There shall be in the Department two Under Secretaries who shall be appointed by the President by and with the advice and consent of the Senate and who shall receive compensation at the rate now or hereafter prescribed for offices and positions at Level III of the Executive Schedule (5 U.S.C. 5314).

(c) There shall be in the Department a Land and Recreation Resources Administration, at the head of which shall be an Administrator of Land and Recreation Resources; a Water Resources Administration, at the head of which shall be an Administrator of Water Resources; an Energy and Mineral Resources Administration, at the head of which shall be an Administrator of Energy and Mineral Resources; an Oceanic, Atmospheric, and Earth Sciences Administration, at the head of which shall be an Administrator of Oceanic, Atmospheric, and Earth Sciences; and an Indian and Territorial Affairs Administration, at the head of which shall be an Administrator of Indian and Territorial Affairs. The Administrators appointed pursuant to this subsection shall be appointed by the President by and with the advice and consent of the Senate and shall receive compensation at the rate now or hereafter prescribed for offices and positions at Level III of the Executive Schedule (5 U.S.C. 5314).

(d) There shall be in the Department one Assistant Secretary and a General Counsel who shall be appointed by the President by and with the advice and consent of the Senate and who shall receive compensation at the rate now or hereafter prescribed for offices and positions at Level IV of the Executive Schedule (5 U.S.C. 5315).

(e) There shall be within the Department not more than twenty-five additional officers, as determined from time to time by the Secretary, who shall be appointed by the Secretary and shall receive compensation at the rate now or hereafter prescribed for offices and positions at Level IV or Level V of the Executive Schedule (5 U.S.C. 5315 or 5316), as the Secretary may specify.

(f) Officers appointed pursuant to this section shall perform such functions as the Secretary shall specify from time to time.

SEC. 203. The Deputy Secretary (or in the absence or disability of the Deputy Secretary or in the event of a vacancy in the Office of the Deputy Secretary, an Under Secretary, Administrator, Assistant Secretary, or the General Counsel, determined according to such order as the Secretary shall prescribe) shall act for and perform the functions of the Secretary during any absence or disability of the Secretary or in the event of a vacancy in the Office of the Secretary.

TITLE III

Transfers

SECTION 301. Subject to the remaining sections of this title, there are hereby transferred to and vested in the Secretary:

(a) All of the functions of the Secretary of the Interior, the Department of the Interior, and all officers and components of that Department.

(b) Such of the functions of the Secretary of Commerce, the Department of Commerce, and officers and components of that Department, as relate to or are utilized by the National Oceanic and Atmospheric Administration.

(c) (1) Such of the functions of the Secretary of Defense, the Secretary of the Army, the Assistant Secretary of the Army for Civil Works, and the Chief of Engineers and the Corps of Engineers of the Department of the Army, as relate to or are utilized for civil works and civil regulatory functions: *Provided*, That all civil works construction, operation and maintenance, flood and coastal emergencies, and related activities, which shall be funded by the Secretary, shall be accomplished through and under the direction of the Secretary of the Army and the supervision of the Chief of Engineers.

(2) All of the functions of the Board of Engineers for Rivers and Harbors, ~~Coastal Engineering Research Center, Board on Coastal Engineering Research~~, Mississippi River Commission, and California Debris Commission.

(d) Such of the functions of the Secretary of Agriculture, the Department of Agriculture, and officers and components of that Department, as relate to or are utilized by the Forest Service.

(e) Such of the functions of the Secretary of Agriculture, the Department of Agriculture, and officers and components of that Department, as relate to or are utilized by the Soil Conservation Service.

(f) Such of the functions of the Secretary of Agriculture, the Department of Agriculture, and officers and components of that Department, as relate to or are utilized by the Natural Resources Economics Division of the Economic Research Service.

(g) Such of the functions of the Secretary of Agriculture, the Department of Agriculture, and officers and components of that Department, as relate to or are utilized by the Soil and Water Conservation Division of the Agricultural Research Service.

(h) *Such of the functions of the Secretary of Agriculture, and the Department of Agriculture, as relate to or are utilized by the Farmers*

Home Administration under section 32(e) of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1011(e)), and under sections 4 and 8 of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1004 and 1006(a)).

~~(h)~~ (i) Such of the functions of the Secretary of Transportation, the Department of Transportation, and officers and components of that Department, as relate to or are utilized for pipeline safety.

~~(i)~~ (j) All of the functions of the Water Resources Council.

~~(j)~~ (k) Such of the functions of the Atomic Energy Commission, and officers and components of that Commission, as relate to or are utilized for the following:

(1) the civilian power and non-nuclear energy programs: *Provided*, That all research and development programs and related activities, which shall be funded by the Secretary, shall be accomplished through and under the direction of the Commission;

(2) the raw materials program;

(3) the uranium enrichment and related distribution activities constituting part of the Commission's production program; and

(4) the *natural resources activities of the Plowshare program*: *Provided*, That all general research and development, device development, explosive effect tests, development of fielding systems, project execution, and related activities, which shall be funded by the Secretary, shall be accomplished through and under the direction of the Commission.

SEC. 302. Functions vested by subchapter II of chapter 5 of title 5 of the United States Code in hearing examiners employed by any department, agency, or component thereof, the functions of which are transferred under the provisions of this Act, shall be vested in hearing examiners of the Department.

SEC. 303. In any case in which the head of a department or agency is required to consult or obtain the approval of the head of another department or agency as a condition to his performance of a function and the functions of both with respect to the matter involved have been transferred to the Secretary, the requirement for such consultation or approval is hereby terminated.

SEC. 304. Except as provided in the next sentence, the personnel employed in connection with, and the personnel positions, assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds employed, held, used, arising from, available to or to be made available in connection with the functions transferred to the Secretary by this Act are, subject to section 202 of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 581c), transferred to the Secretary for appropriate allocation. Personnel positions expressly created by statute or Reorganiza-

tion Plan, personnel occupying those positions on the effective date of this Act, and personnel authorized to receive compensation at the rate prescribed for offices and positions at Level I, II, III, IV, or V of the Executive Schedule (5 U.S.C. 5312-5316) on the effective date of the Act shall be subject to the provisions of sections 306 and 501 of this Act.

SEC. 305. Except as provided in section 306, transfer of non-temporary personnel pursuant to this title shall not cause any such employee to be separated or reduced in grade or compensation for one year after such transfer.

SEC. 306. Any person who, on the effective date of this Act, held a position compensated in accordance with the Executive Schedule prescribed in chapter 53 of title 5 of the United States Code, and who, without a break in service, is appointed in the Department to a position having duties comparable to those performed immediately preceding his appointment shall continue to be compensated in his new position at not less than the rate provided for his previous position, for the duration of his service in the new position.

SEC. 307. With respect to the programs and activities of the Atomic Energy Commission herein transferred, the functions of the Secretary shall be carried out under the following provisions of the Atomic Energy Act of 1954 (42 U.S.C. 2011 et seq.), and the Secretary shall perform the functions of the Commission set forth therein with respect to such transferred programs and activities, except as otherwise specified below:

(a) Chapter 1, "Declaration, Findings and Purpose".

(b) Chapter 2, "Definitions", except that the functions of the Commission set forth in subsections j (extraordinary nuclear occurrence), v (production facility), z (source material), aa (special nuclear material), and cc (utilization facility) of section 11 shall remain with the Commission.

(c) The following provisions of chapter 3, "Organization": sections 26 (General Advisory Committee), and 27 (consultation with the Department of Defense on atomic energy matters; functions of the Department of Defense).

(d) Chapters 4, "Research", and 5, "Production of Special Nuclear Material".

(e) The following provisions of chapter 6, "Special Nuclear Material": clauses 53a (ii) and (iii) (making available and distributing special nuclear material); subsection 53c (sale or lease, etc., of special nuclear material, enrichment sources, sales prices, agreements with licensees, use charges); subsection 53d (use charge for leased special nuclear material); subsection 53f (distribution of special nuclear material); section 54 (foreign distribution of special nuclear material);

section 55 (acquisition of special nuclear material); section 56 (guaranteed purchase prices); subsection 57c (limitations on distributions of special nuclear material); and section 58 (Joint Committee review).

(f) The following provisions of chapter 7, "Source Material": section 63 (domestic distribution of source material), except the authority with respect to the issuance of licenses and of criteria governing such issuance; section 64 (foreign distribution of source material), except the authority to make the determination that the activity will not be inimical to the interests of the United States; section 65 (reporting); section 66 (acquisition); and section 67 (operations on lands belonging to the United States).

(g) Chapter 8, "Byproduct Material", except the authority of the Commission with respect to issuance of licenses, establishing exemptions from licensing, and determinations under subsection 82b as to whether foreign distributions would be inimical to the common defense and security.

(h) In chapter 9, "Military Applications of Atomic Energy", the authority in clause 91b (1) relating to delivery of enriched uranium to Department of Defense.

(i) In chapter 11, "International activities", sections 121 (effect of international arrangements) and 122 (policies contained in international arrangements).

(j) In chapter 12, "Control of Information", subsections 144a (international cooperation pursuant to an agreement for cooperation); 145b (restriction on access to Restricted Data), except that the Commission shall make the determinations relative to access to Restricted Data; and 146b (power to control or restrict dissemination of information).

(k) In chapter 14, "General Authority", subsections 161a (advisory boards), c (investigations, subpoenas), d (appointment and compensation of employees), e (acquisition and construction of facilities, etc.), f (utilization of services of others), g (acquisition and disposal of property), k (carrying of firearms), m (materials transactions with licensees), o (reports and records) except with respect to licensed activities, p (rules and regulations), q (easements), r (utility and related services), t (contracts implementing agreements for cooperation), u (long-term contract authority), and v (contracts for producing or enriching special nuclear material); and sections 162 (contract exemption authority), 163 (service of advisory committees), 164 (electric utility contracts), 165 (proscribed contract practices), 166 (Comptroller General audit), 167 (claims settlements), 168 (payments in lieu of taxes), 169 (no subsidy), and 170 (indemnification and limitation of

liability) insofar as it authorizes and applies to agreements of indemnification with contractors.

(l) In chapter 15, "Compensation for Private Property Acquired", sections 171 (just compensation), 172 (condemnation of real property), and 174 (Attorney General approval of title).

(m) In chapter 17, "Joint Committee on Atomic Energy", section 202.

(n) In chapter 18, "Enforcement", section 229 (authority to issue trespass regulations), which shall apply to any facility, installation, or real property subject to the jurisdiction, administration, or in the custody of the Secretary and utilized in carrying out any of the programs and activities of the Atomic Energy Commission herein transferred; section 230 (photographing, etc., of Commission installations), in which the words "property subject to the jurisdiction, administration, or in the custody of the Commission," shall be deemed to include property subject to the jurisdiction, administration, or in the custody of the Secretary and utilized in carrying out any of the programs and activities of the Atomic Energy Commission herein transferred; and section 232 (injunction proceedings).

(o) In chapter 19, "Miscellaneous", sections 251 (reports to Congress) and 261 (appropriations).

SEC. 308. No license under the Atomic Energy Act of 1954 (42 U.S.C. 2011 et seq.) shall be required for the conduct, by the Secretary or by persons under contract with and for the account of the Secretary, of the programs and activities herein transferred from the Atomic Energy Commission to the Secretary. In the conduct of such programs and activities, the Secretary shall establish standards and procedures for radiological protection of the public health and safety and the safeguarding of the national defense and security that are consistent with those established by the Commission to govern its own activities. Such standards and procedures shall be established with the advice and concurrence of the Atomic Energy Commission.

SEC. 309. With respect to the programs and activities of the Atomic Energy Commission herein transferred, the Secretary shall have all the rights, powers, and duties of the Commission under section 152 of the Atomic Energy Act of 1954 (42 U.S.C. 2182), in the case of inventions and discoveries, useful in the production or utilization of special nuclear material or atomic energy, made or conceived in the course of or under any contract, subcontract, or arrangement entered into with or for the benefit of the Secretary, to the same extent as if entered into with or for the benefit of the Commission.

SEC. 310. (a) The Commissioned Officer Corps of the National Oceanic and Atmospheric Administration shall become the Commissioned Officer Corps of the Oceanic, Atmospheric, and Earth Sciences

Administration (hereinafter referred to as the "Commissioned Officer Corps of OAESA"). Members of the Corps (hereinafter referred to as "commissioned officers of OAESA"), including those appointed hereafter, shall be entitled to all rights, privileges, and benefits heretofore available under any law to commissioned officers of the National Oceanic and Atmospheric Administration, including those rights, privileges, and benefits heretofore accorded by law to commissioned officers of the former Environmental Science Services Administration and to commissioned officers of the former Coast and Geodetic Survey.

(b) The Secretary may appoint one of the commissioned officers of OAESA from the active list to one of the positions at Level IV or V of the Executive Schedule established pursuant to subsection 202(e) of this Act. Such appointment shall create a vacancy on the active list; and while holding such position, the officer shall have rank, pay, and allowances not exceeding those of a vice admiral.

(c) The Secretary may designate two commissioned officers from the active list to serve at any one time as the designated heads of two principal constituent organizational entities of the Oceanic, Atmospheric, and Earth Sciences Administration, or the Secretary may designate one such officer as the head of such an organizational entity and the other as the head of the Commissioned Officer Corps of OAESA. Any such designation shall create a vacancy on the active list and the officer while serving under this subsection shall have the rank, pay, and allowances of a rear admiral (upper half).

(d) Any commissioned officer of OAESA who has served under (b) or (c) and is retired while so serving or is retired after the completion of such service while serving in a lower rank or grade, shall be retired with the rank, pay, and allowances authorized by law for the highest grade and rank held by him; but any such officer, upon termination of his appointment in a rank above that of captain, shall, unless appointed or assigned to some other position for which a higher rank or grade is provided, revert to the grade and number he would have occupied had he not served in a rank above that of captain and such officer shall be an extra number in that grade.

TITLE IV

Definitions and Administrative Provisions

SEC. 401. (a) As used in this Act—(1) references to "function" or "functions" shall be deemed to include references to duty, obligation, power, authority, responsibility, right, privilege, and activity, or the plural thereof, as the case may be; and (2) references to "perform" or "performance," when used in relation to functions, shall be deemed to include the exercise of power, authority, rights, and privileges.

(b) Any reference in this Act to any provision of law shall be deemed to include, as appropriate, references thereto as now or hereafter amended or supplemented.

SEC. 402. (a) The Secretary is authorized to prescribe such policies, standards, criteria, procedures, rules, and regulations as he may deem to be necessary or appropriate to perform functions now or hereafter vested in him.

(b) The Secretary shall engage in such policy planning and perform such program evaluation analyses and other studies as may be necessary to promote the efficient and coordinated administration of the Department and properly assess progress toward the achievement of its missions.

SEC. 403. (a) The Secretary may delegate any of his functions to such officers and employees of the Department as he may designate, and may authorize such successive redelegations of such functions as he may deem to be necessary or appropriate.

(b) The Secretary may, from time to time, establish, alter, rename, or discontinue such organizational units or components within the Department as he may deem to be necessary or appropriate, but such authority shall not extend to the discontinuance of administrations or other organizational units or components expressly established within the Department by this Act or by any future Act or Reorganization Plan.

SEC. 404. The Secretary is authorized to establish, alter, or discontinue and to maintain such State, regional, district, local, or other field offices as he may deem to be necessary or appropriate to perform functions now or hereafter vested in him.

SEC. 405. The Secretary is authorized, subject to the civil service and classification laws, to select, appoint, employ, and fix the compensation of such officers and employees, including attorneys, as are necessary to perform the functions, now or hereafter vested in him and to prescribe their functions.

SEC. 406. The Secretary may obtain services as authorized by section 3109 of title 5 of the United States Code, at rates not to exceed the rate prescribed for grade GS-18 of the General Schedule by section 5332 of title 5 of the United States Code.

SEC. 407. The Secretary is authorized to appoint, without regard to the civil service laws, such advisory committees as he may deem appropriate for the purpose of consultation with and advice to the Secretary in the performance of his functions. Members of advisory committees, other than those regularly employed by the Federal Government, while attending meetings of such committees or while otherwise serving at the request of the Secretary, may be paid compensation at rates not exceeding those authorized for individuals under section 5332

of title 5 of the United States Code and, while so serving away from their homes or regular places of business, may be allowed travel expenses, including per diem, as authorized by section 5703 of title 5 of the United States Code for persons in the Government service employed intermittently.

SEC. 408. (a) Notwithstanding any other provision of law, a member of the Coast Guard, the Commissioned Officer Corps of OAESA, or the Regular or Reserve Commissioned Corps of the Public Health Service may be appointed, detailed, or assigned to any position in the Department other than a position the occupant of which must be approved by and with the advice and consent of the Senate.

(b) The Secretary is authorized to provide for participation of military personnel in the performance of his functions. Members of the Army, the Navy, the Air Force, or the Marine Corps may be detailed for service in the Department by the appropriate Secretary, pursuant to cooperative agreements with the Secretary.

(c) Appointment, detail, or assignment to, acceptance of, and service in any appointive or other position in the Department under this section shall in no way affect status, office, rank, or grade which officers or enlisted men may occupy or hold or any emolument, perquisite, right, privilege or benefit incident to or arising out of any such status, office, rank, or grade, nor shall any member so appointed, detailed or assigned be charged against any statutory limitation on strengths applicable to the Armed Forces. A member so appointed, detailed, or assigned shall not be subject to direction or control by his armed force or any officer thereof directly or indirectly with respect to the responsibilities exercised in the position to which appointed, detailed, or assigned.

SEC. 409. The Secretary is authorized to pay transportation expenses, and per diem in lieu of subsistence expenses, in accordance with chapter 57 of title 5 of the United States Code for travel between places of recruitment and duty, and while at places of duty, of persons appointed for temporary or seasonal services in the field service of the Department.

SEC. 410. The Secretary is authorized to enter into such contracts and agreements, including grant agreements, with public agencies and private organizations and persons; make such payments (in lump sum or installments, and in advance or by way of reimbursement, and with necessary adjustments on account of overpayments and underpayments); and generally take such steps as he may deem to be necessary or appropriate to perform functions now or hereafter vested in him.

SEC. 411. The Secretary is authorized to acquire (by purchase, lease, condemnation or otherwise), construct, improve, repair, operate, and maintain facilities and real property. However, such authority shall

apply only to facilities required for the maintenance and operation of laboratories, research, and testing sites and facilities, quarters, and related accommodations for employees and dependents of employees of the Department, and such other special purpose real property as the Secretary deems to be necessary in and outside the District of Columbia. The Secretary may, through the Administrator of General Services, acquire, by purchase, lease, condemnation, or otherwise, general purpose office and warehouse buildings or parts of buildings in and outside the District of Columbia for the use of the Department. Title to any property or interest therein, real, personal, or mixed, acquired pursuant to this section shall be in the United States.

SEC. 411. *Except for public buildings as defined in the Public Buildings Act of 1959, as amended, and with respect to leased space subject to the provisions of Reorganization Plan No. 18 of 1950, the Secretary is authorized to acquire (by purchase, lease, condemnation, or otherwise), construct, improve, repair, operate, and maintain facilities and real property as the Secretary deems to be necessary in and outside of the District of Columbia. Such authority shall apply only to facilities required for the maintenance and operation of laboratories, research and testing sites and facilities, quarters, and related accommodations for employees and dependents of employees of the Department, and such other special purpose real property as the Secretary deems to be necessary in and outside the District of Columbia. Title to any property or interest therein, real, personal, or mixed, acquired pursuant to this section, shall be in the United States.*

SEC. 412. (a) The Secretary is authorized to provide, construct, or maintain, as necessary and when not otherwise available, the following for employees and their dependents stationed at remote locations:

- (1) Emergency medical services and supplies;
- (2) Food and other subsistence supplies;
- (3) Messing facilities;
- (4) Audiovisual equipment, accessories, and supplies for recreation and training;
- (5) Reimbursement for food, clothing, medicine and other supplies furnished by such employees in emergencies for the temporary relief of distressed persons;
- (6) Living and working quarters and facilities; and
- (7) Transportation for school-age dependents of employees to the nearest appropriate educational facilities.

(b) The furnishing of medical treatment under paragraph (1) of subsection (a) and the furnishing of services and supplies under paragraphs (2) and (3) of subsection (a) shall be at prices reflecting reasonable value as determined by the Secretary.

(c) Proceeds from reimbursements under this section shall be deposited in the Treasury and may be withdrawn by the Secretary to

pay directly the cost of such work or services, to repay or make advances to appropriations of funds which do or will bear all or a part of such cost, or to refund excess sums when necessary: *Provided*, That such payments may be credited to a service or working capital fund otherwise established by law, and used under the law governing such funds, if the fund is available for use by the Department for performing the work or services for which payment is received.

SEC. 413. The Secretary, under such terms, at such rates, and for such periods not exceeding thirty years, as he may deem to be in the public interest, is authorized, under regulations prescribed by the President, to permit the use by concessionaires, including public and private agencies, corporations, associations, or other organizations or individuals, of any real property, or any facility, structure, or other improvement thereon, under the ~~jurisdiction~~ custody and control of the Secretary. The Secretary may require permittees under this section to recondition and maintain to a satisfactory standard and at their own expense, the real property, facilities, structures, and improvements involved.

SEC. 414. The Secretary is authorized to acquire any of the following described rights if the property acquired thereby is for use by or for, or is useful to, the performance of functions vested in him—

- (1) Copyrights, patents, and applications for patents, designs, processes, and manufacturing data;
- (2) Licenses under copyrights, patents, and applications for patents; and
- (3) Releases, before suit is brought, for past infringement of patents or copyrights.

SEC. 415. The Secretary is authorized to engage in basic and applied research and development and disseminate technology through information programs, demonstrations, and cooperative arrangements with such scientific and other public and private organizations and persons as he may deem necessary to carry out the functions now and hereafter vested in him.

SEC. 416. (a) (1) The Secretary is authorized, within his own discretion or upon the request of any person, firm, organization, or others, public or private, to make special studies concerning matters within his jurisdiction; to prepare from the records of the Department special compilations, lists, bulletins, or reports; to furnish transcripts or copies of such studies, compilations, and other records; to provide copies of charts, maps, or photographs; and to provide services incident to the conduct of the regular work of the Department. The Secretary may, as appropriate, require payment of the actual or estimated cost of such special work.

(2) In the case of nonprofit organizations, research organizations, or public organizations or agencies, the Secretary may engage in joint

projects, or perform services, on matters of mutual interest, the cost of which shall be apportioned equitably, as determined by the Secretary, who may, however, waive payment of any portion of such costs by others, when otherwise authorized to do so.

(b) All payments for work or services performed or to be performed under this section shall be deposited in the Treasury and may be withdrawn by the Secretary to pay directly the cost of such work or services, to repay or make advances to appropriations or funds which do or will bear all or a part of such cost, or to refund excess sums when necessary: *Provided*, That such payments may be credited to a service or working capital fund otherwise established by law, and used under the law governing such funds, if the fund is available for use by the Department for performing the work or services for which payment is received.

~~SEC. 417. The Secretary, when he deems such action necessary, may make provision for the printing and distribution of reports and other documents in such number and in such manner as he deems appropriate, with respect to matters under his jurisdiction.~~

SEC. 418 417. The Secretary is authorized to accept, hold, administer, and utilize gifts, and bequests of property, both real and personal, for the purpose of aiding or facilitating the work of the Department. Gifts and bequests of money and proceeds from sales of other property received as gifts or bequests shall be deposited in the Treasury and shall be disbursed upon the order of the Secretary. Property accepted pursuant to this section, and the proceeds thereof, shall be used as nearly as possible in accordance with the terms of the gift or bequest. For the purpose of Federal income, estate, and gift taxes, property accepted under this section shall be considered as a gift or bequest to the United States.

SEC. 419 418. The Secretary shall cause a seal of office to be made for the Department of such device as he shall approve and judicial notice shall be taken of such seal.

SEC. 420 419. The Secretary is authorized to establish a working capital fund, to be available without fiscal year limitation, for expenses necessary for the maintenance and operation of such common administrative services as he shall find to be desirable in the interests of economy and efficiency. There shall be transferred to the fund the stocks of supplies, equipment, other assets, liabilities, and unpaid obligations relating to the services which he determines will be performed through the fund. Appropriations to the fund in such amounts as may be necessary to provide additional working capital are authorized. The working capital fund shall recover from the appropriations and funds for which services are performed, either in advance or by way of reimbursement, amounts which will approximate the costs incurred,

including the accrual of annual leave and the depreciation of equipment. The fund shall also be credited with receipts from the sale or exchange of its property, and receipts in payment for loss or damage to property owned by the fund.

SEC. 421 420. To the extent necessary or appropriate to perform functions transferred by this Act, the Secretary may exercise, in relation to the functions so transferred, any authority or part thereof available by law, including Appropriations Acts, to the official or agency from which such functions were transferred.

SEC. 422 421. Except as may be otherwise expressly provided in this Act, all functions expressly conferred by this Act shall be in addition to and not in substitution for functions existing immediately before the effective date of this Act and transferred by this Act.

SEC. 423 422. The Secretary shall, as soon as practicable after the end of each fiscal year, make a report to the President for submission to the Congress on the activities of the Department during the preceding fiscal year. Such report shall include a statement of his goals, priorities and plans for the Department together with an assessment of the progress made toward the attainment of those objectives, the more effective and efficient management of the Department and the coordination of its functions.

SEC. 424 423. The Secretary, when authorized in an appropriation act, may, in any fiscal year, transfer funds from one appropriation to another within the Department: *Provided*, That no appropriation shall be either increased or decreased pursuant to this section by more than five per cent of the appropriation for such fiscal year.

SEC. 425 424. There is hereby established a service fund for the Land and Recreation Resources Administration, the Water Resources Administration, the Energy and Mineral Resources Administration, the Oceanic, Atmospheric, and Earth Sciences Administration, and the Indian and Territorial Affairs Administration. Each such fund shall be available, without fiscal year limitations, for the purpose of providing services on a reimbursable basis for other departments, agencies, and instrumentalities of the Government and for persons outside the Government as authorized by law. The costs of providing such services shall be paid from the appropriate service fund. Proceeds received as reimbursement for services performed with funds from a service fund shall be credited to that fund. Refunds may be made from a service fund whenever an advance for services is subsequently determined to exceed the cost of such service.

SEC. 426. There are hereby authorized to be appropriated, without fiscal year limitation, such sums as may be provided for from time to time in appropriation acts to carry out functions now or hereafter vested in the Secretary.

SEC. 427 425. The Secretary shall from time to time prepare and publish such compilations of laws and treaties applicable to the various program areas of the Department as he deems to be in the public interest.

TITLE V

Transitional and Conforming Provisions

SECTION 501. Whenever all of the functions of a department, agency, or other body, or any component thereof, affected by this Act, have been transferred from that department, agency, or other body, or any component thereof, whether by this Act or by this Act in combination with transfer by another Act, Presidential Reorganization Plan, Executive Order, or otherwise, the department, agency, or other body, or component thereof shall lapse. Whenever a department, agency or other body, or any component thereof lapses pursuant to the preceding sentence, each position and office therein which was expressly created by statute or Reorganization Plan or the incumbent of which was authorized to receive compensation at the rate prescribed for an office or position at Level I, II, III, IV, or V of the Executive Schedule (5 U.S.C. 5312-5316) shall lapse.

SEC. 502. Section 211 of the Flood Control Act of 1970, 84 Stat. 1818, 1829, establishing the position of the Assistant Secretary of the Army for Civil Works, is hereby repealed.

SEC. 503. Section 101 of title 5 of the United States Code is amended by substituting "Department of Natural Resources" for "Department of the Interior".

SEC. 504. Section 19(d) of title 3 of the United States Code is amended by substituting "Secretary of Natural Resources" for "Secretary of the Interior".

SEC. 505. Section 201 of Reorganization Plan No. 2 of 1970 is amended by substituting the "Secretary of Natural Resources" for the "Secretary of the Interior".

SEC. 506. The Director of the Office of Management and Budget is authorized to make such additional incidental dispositions of functions, personnel, personnel positions, assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to or to be made available in connection with the functions transferred by this Act as he may deem necessary or appropriate to accomplish the intent and purposes of this Act.

TITLE VI

Savings Provisions

SECTION 601. All orders, determinations, rules, regulations, permits, contracts, certificates, licenses, and privileges—

(1) which have been issued, made, granted, or allowed to become effective by the President, any Federal department or agency or official thereof, or by a court of competent jurisdiction, in the performance of functions which are transferred under this Act, and

(2) which are in effect at the time this Act takes effect, shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked by the President, the Secretary, or other authorized official, a court of competent jurisdiction, or by operation of law.

SEC. 602. (a) The provisions of this Act shall not affect any proceedings pending at the time this section takes effect before any department or agency (or component thereof) functions of which are transferred by this Act; but such proceedings, to the extent that they relate to functions so transferred, shall be continued before the Department. Orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made pursuant to such orders, as if this Act had not been enacted; and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or revoked by the Secretary, by a court of competent jurisdiction, or by operation of law. Nothing in this subsection shall be deemed to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued if this Act had not been enacted.

(b) Except as provided in subsection (d)—

(1) the provisions of this Act shall not affect suits commenced prior to the date this Act takes effect, and,

(2) in all such suits proceedings shall be had, appeals taken, and judgments rendered, in the same manner and effect as if this Act had not been enacted.

(c) No suit, action, or other proceeding commenced by or against any officer in his official capacity as an officer of any department or agency, functions of which are transferred by this Act, shall abate by reason of the enactment of this Act. No cause of action by or against any department or agency, functions of which are transferred by this Act, or by or against any officer thereof in his official capacity shall abate by reason of the enactment of this Act. Causes of actions, suits, actions, or other proceedings may be asserted by or against the United

States or such official of the Department as may be appropriate and, in any litigation pending when this section takes effect, the court may at any time, on its own motion or that of any party, enter any order which will give effect to the provisions of this section.

(d) If, before the date on which this Act takes effect, any department or agency, or officer thereof in his official capacity, is a party to a suit, and under this Act any function of such department, agency, or officer is transferred to the Secretary or any other official, then such suit shall be continued as if this Act had not been enacted, with the Secretary or other official, as the case may be, substituted.

(e) Final orders and actions of the Secretary or any official or component of the Department in the performance of functions transferred to the Secretary by this Act shall be subject to judicial review to the same extent and in the same manner as if such orders or actions had been made or taken by the officer, department, agency, or instrumentality in the performance of such functions immediately preceding the effective date of this Act. Any statutory requirements relating to notices, hearings, action upon the record, or administrative review that apply to any function transferred to the Secretary by this Act shall apply to the performance of those functions by the Secretary, or any officer or component of the Department.

SEC. 603. With respect to any function transferred by this Act and performed after the effective date of this Act, reference in any other law (including Reorganization Plans) to any department or agency or any officer or office the functions of which are so transferred shall be deemed to refer to the Secretary or other officials in which this Act vests such functions.

SEC. 604. Nothing contained in this Act shall be construed to limit, curtail, abolish, or terminate any function of the President which he had immediately before the effective date of this Act; or to limit, curtail, abolish, or terminate his authority to perform such function; or to limit, curtail, abolish, or terminate his authority to delegate, redelegate, or terminate any delegation of functions.

TITLE VII

Separability

SECTION 701. If any provision of this Act or the application thereof to any person or circumstance is held invalid, the remainder of this Act, and the application of such provision to other persons or circumstances shall not be affected thereby.

TITLE VIII

Effective Date and Interim Appointments

SECTION 801. (a) The provisions of this Act shall take effect one hundred and twenty days after the Secretary first takes office, or on such earlier date as the President may prescribe and publish in the *Federal Register*, except that any of the officers provided for in title II of this Act may be nominated and appointed, as provided in that title, at any time after the date of enactment of this Act. Funds available to any department or agency (or any official or component thereof), any functions of which are transferred to the Secretary by this Act, may, with the approval of the President, be used to pay the compensation and expenses of any officer appointed pursuant to this subsection until such time as funds for that purpose are otherwise available.

(b) In the event that one or more officers required by this Act to be appointed by and with the advice and consent of the Senate shall not have entered upon office on the effective date of this Act, the President may designate any officer, whose appointment was required to be made by and with the advice and consent of the Senate and who was such an officer immediately prior to the effective date of the Act, to act in such office until the office is filled as provided in this Act. While so acting such persons shall receive compensation at the rates provided by this Act for the respective offices in which they act.

SECTION-BY-SECTION ANALYSIS

of

A bill to promote more effective management of certain related functions of the executive branch by reorganizing and consolidating those functions in a new Department of Natural Resources, and for other purposes.

SHORT TITLE

SECTION 1 states that the Act may be cited as the "Department of Natural Resources Act."

TITLE I

Declaration of Purpose

SECTION 101 expresses congressional recognition that our natural resources, including energy sources, although abundant, are not unlimited; that their proper conservation, management, and utilization underlies all of the aspirations of the American people now and in the future; and that the Federal Government has a national responsibility to itself practice, and to foster the practice by others of, appropriate resource conservation, management and utilization policies. To best achieve these objectives, and to improve Government operations, the Congress finds that it is necessary to establish a Department of Natural Resources, bringing together those Federal activities which bear most directly on resource policy. The administration of the trust responsibility for, and selected programs to assist, the Indians, Alaska natives, and territorial peoples is also placed in the Department.

TITLE II

Establishment of Department

SECTION 201 establishes the Department of Natural Resources under the supervision and direction of a Secretary of Natural Resources,

who shall be appointed by the President by and with the advice and consent of the Senate and shall receive compensation at the rate provided for Level I of the Executive Schedule.

SEC. 202 establishes the top policy offices in the Department and describes the general structure for the internal organization of the Department. There will be a Deputy Secretary, at Level II of the Executive Schedule, and two Under Secretaries at Level III. In addition, there will be five Level III Administrators heading, respectively, a Land and Recreation Resources Administration, a Water Resources Administration, an Energy and Mineral Resources Administration, an Oceanic, Atmospheric, and Earth Sciences Administration, and an Indian and Territorial Affairs Administration. The bill also provides for an Assistant Secretary and a General Counsel at Level IV. All of the foregoing Level II to IV officers will be appointed by the President by and with the advice and consent of the Senate.

Subsection (e) establishes a pool of twenty-five Level IV and V officers to be appointed by the Secretary to assist in the management of the Department. Subsection (f) provides that all of the Level II to V officers will perform such functions as the Secretary shall specify from time to time.

SEC. 203 provides for the order of succession in the event of the absence or disability of the Secretary or in the event of a vacancy in the Office of the Secretary.

TITLE III

Transfers

Title III effectuates the transfer of the functions under existing law which will be carried out by the new Department of Natural Resources. Section 301 identifies the functions that are transferred and provides that they shall be vested in the Secretary. The remaining sections of title III contain technical provisions relating to these transfers. Under the broad definitions in section 401 and the savings provisions of section 601, the operative term "functions" includes all existing relevant powers, rights, duties, etc., whether created, vested, or assigned by statute, reorganization plan, executive order, delegation, agreement, or otherwise. Section 506 authorizes the Director of the Office of Management and Budget to make additional incidental dispositions of functions as necessary to accomplish the purposes of the Act.

Subsection 301(a) transfers to the Secretary of Natural Resources all of the functions of the Secretary of the Interior, the Department of the Interior, and all officers and components of that Department. The Interior Department operates under the authority of several thou-

sand laws, many of which do not appear in the United States Code. Those that are codified are found principally in title 16 of the United States Code, relating to the national park system, outdoor recreation, fish and wildlife, power marketing, and various other resource programs; title 25, Indians; title 30, mineral lands and mining, including mine health and safety; title 42, pertaining to desalination and water resources research; title 43, public lands, reclamation, and Department of the Interior; and title 48, territories.

Virtually all of the authority under these laws is presently vested in the Secretary of the Interior, pursuant to Reorganization Plan No. 3 of 1950, 64 Stat. 1262, 5 U.S.C.A., App., and as provided in statutes enacted thereafter; and subsection (a) transfers this authority to, and vests it in, the Secretary of Natural Resources. The additional reference in the subsection to all functions of officers and components of that Department similarly transfers to and vests in the Secretary the few remaining miscellaneous authorities that reside expressly or by implication in subordinate officers and components of the Department.

Subsection 301(b) transfers to the Secretary of Natural Resources such of the functions of the Secretary of Commerce, the Department of Commerce, and officers and components of that Department, as relate to or are utilized by the National Oceanic and Atmospheric Administration (NOAA). NOAA was created by Reorganization Plan No. 4 of 1970 (84 Stat. 2090), which brought together the Environmental Science Services Administration and its major elements, the Weather Bureau, Coast and Geodetic Survey, Environmental Data Service, National Environmental Satellite Center and Research Laboratories (Reorganization Plan No. 2 of 1965, 15 U.S.C. Chapter 9, 49 U.S.C. Chapter 20, 33 U.S.C. Chapter 17); the Bureau of Commercial Fisheries, Marine Fish Research Program and Marine Minerals Technology Center, formerly in the Department of Interior (16 U.S.C. *passim*); the National Oceanographic Data Center and National Oceanographic Instrumentation Center, formerly administered by the United States Navy; the National Data Buoy Development Project, formerly of the Coast Guard; the National Sea Grant Program, formerly of the National Science Foundation (33 U.S.C. Chapter 22); and elements of the United States Lake Survey, formerly of the Corps of Engineers. This consolidation of activities and functions was designed to improve man's comprehension and uses of the physical environment and its oceanic life.

Subsection 301(c) transfers to the Secretary of Natural Resources, under paragraph (1), such of the functions of the Secretary of Defense, the Secretary of the Army, the Assistant Secretary of the Army for Civil Works, and the Chief of Engineers and the Corps of

Engineers of the Department of the Army, as relate to or are utilized for civil works and regulatory functions, with the proviso that all civil works construction, operation and maintenance, flood and coastal emergencies, and related activities so transferred shall be accomplished through and under the direction of the Secretary of the Army and the supervision of the Chief of Engineers. To the extent they are codified, the laws authorizing these programs are found in title 33 of the United States Code.

The civil works functions of the Corps include the investigation, study, planning, construction, and operation and maintenance of measures for navigation, flood control, fish and wildlife enhancement, hydroelectric power, recreation, municipal and industrial water supply, beach erosion control and beach restoration, and water quality. Included are authorities for comprehensive river basin studies, flood plain information studies, emergency flood and coastal protection, a vast number of individual project authorizations, and continuing authorities to construct small projects without the specific authorization of the Congress.

The bill provides that the construction and operation of civil works, the provision of aid in flood and coastal emergencies, and related activities so transferred would continue to be accomplished through and directed by the Secretary of the Army and the Corps of Engineers. This will assure the continued training and experience of officers of the Army Corps of Engineers in contract administration, construction, and coordination with civilian authorities; preserve the flexibility, efficiency, and responsiveness of the Corps to meet alternating civil and national defense needs; and maintain the capability of the Corps to provide assistance to civilians in emergencies. However, the functions of investigations, study, planning, budgeting and funding, and coordination would be transferred to the Secretary.

The civil regulatory functions of the Corps, which would be transferred to the Secretary, pertain generally to the protection of the navigable waters of the United States. No filling, erection of structures, dredging, diversion of flow, or depositing of refuse in such waters may be done unless permitted by the Secretary, who, in determining whether permission should be granted, considers all matters relating to the general public interest, including navigation, flood control, economic matters, fish and wildlife values, and ecological, esthetic, and environmental values.

Certain study and review functions are vested by law in the Board of Engineers for Rivers and Harbors, the Mississippi River Commission, and the California Debris Commission. These functions are also transferred to the Secretary by paragraph (2) of the subsection.

Subsection 301(d) transfers to the Secretary of Natural Resources such of the functions of the Secretary of Agriculture, the Depart-

ment of Agriculture, and Offices and components of the Department, as relate to or are utilized by the Forest Service. Forest Service activity covers three major areas of operation concerned with the country's forest and related range, watershed and other wildland natural resources: (1) management, protection, and development of the National Forests and National Grasslands; (2) cooperation with the States in obtaining better forestry on State and private forest lands; and (3) research needed for (1) and (2) and for forest and range lands generally.

There are numerous laws relating to the Forest Service. Of those which have been codified, the principal statutes appear in title 16 of the United States Code, relating to the three major programs of the Forest Service, and in title 7 of the United States Code, relating to the general authorities of the Department of Agriculture. Reorganization Plan No. 2 of 1953 (67 Stat. 633, 7 U.S.C.A. 2201 note) vested in the Secretary of Agriculture all of the functions of the Service, as well as all of the functions of the other components of the Department of Agriculture transferred under this Act.

Subsection 301(e) transfers to the Secretary of Natural Resources such of the functions of the Secretary of Agriculture, the Department of Agriculture, and officers and components of that Department, as relate to or are utilized by the Soil Conservation Service. Soil Conservation Service activities cover four major areas of operation: (1) the development and carrying out of a national soil and water conservation program (primarily through conservation districts), including the national cooperative soil survey, technical assistance in the development of conservation plans and application of conservation treatments, the conduct of snow surveys to develop stream flow forecasts, and the operation of plant material centers; (2) the development and carrying out of watershed protection and flood prevention projects, including furnishing technical and financial assistance to State and local organizations, and conduct of river basin surveys and investigations in cooperation with other agencies; (3) the administration of the Great Plains Conservation program for the mitigation of wind and water erosion damages in the Great Plains area; and (4) the aiding of local sponsors in developing and carrying out of multi-county resource conservation and development projects.

There are numerous laws relating to the programs of the Soil Conservation Service. Of those which have been codified, the principal statutes appear in title 7 of the United States Code, sections 1010 et seq. (resource conservation and development) and other sections related to the general authorities of the Department of Agriculture; title 16, sections 590 (a) to (f) (soil and water conservation operations), 590(p)(b) (Great Plains conservation), and 1001 et seq.

(watershed protection); and title 33, sections 701(a) et seq. (flood prevention).

Subsection 301(f) transfers to the Secretary of Natural Resources such of the functions of the Secretary of Agriculture, the Department of Agriculture, and officers and components of that Department, as relate to or are utilized by the Natural Resource Economics Division of the Economic Research Service. This Division conducts research in the economics of the use, conservation and development of land and water resources. These activities are authorized under various statutes, including primarily 7 U.S.C. 411, 1621 et seq., 1761, 2201, 2202; 42 U.S.C. 1891-1893.

Subsection 301(g) transfers to the Secretary of Natural Resources such of the functions of the Secretary of Agriculture, the Department of Agriculture, and officers and components of that Department, as relate to or are utilized by the Soil and Water Conservation Division of the Agricultural Research Service. This Division conducts research in the conservation of soil and water and the control of certain forest and range insects and diseases. These activities are authorized under various statutes including primarily the Department of Agriculture Organic Act of 1862 (7 U.S.C. 2201) and the Research and Marketing Act of 1946, as amended (7 U.S.C. 427, 427i).

Subsection 301(h) transfers to the Secretary of Natural Resources loan functions relating to or utilized by the Farmers Home Administration under section 32(e) of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1011(e)) and under sections 4 and 8 of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1004 and 1006(a)).

Subsection 301(i) transfers to the Secretary of Natural Resources such of the functions of the Secretary of Transportation, the Department of Transportation, and officers and components of that Department as relate to or are utilized for pipeline safety. The referenced functions consist of all of the authority under the Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. 1671 et seq.); and such of the authority under sections 831-835 of title 18 of the United States Code as relates to pipeline safety. The latter, originally administered by the Interstate Commerce Commission, was transferred to the Department of Transportation for administration through the Federal Railroad Administration pursuant to subsections 6 (e) and (f) of the Department of Transportation Act (80 Stat. 931, 939, 940).

Subsection 301(j) transfers to the Secretary of Natural Resources all of the functions of the Water Resources Council. The Council was established by and functions under the Water Resources Planning Act (42 U.S.C. 1962 et seq.). Its responsibilities include the coordination of all Federal water resource programs, assessment of water supplies and requirements, establishment of principles, standards and

procedures for Federal water and related land resources projects, review of comprehensive regional and river basin plans, and the administration of grants to States for comprehensive planning.

Subsection 301(k) transfers certain programs and activities from the Atomic Energy Commission to the Secretary of Natural Resources as follows:

(1) The policy, planning, and funding of the civilian power and nonnuclear energy programs. In general, the civilian power programs serve to make possible the maximum exploitation for civilian use of the vast energy resources latent in nuclear material. Their objectives apply to nuclear units for central station powerplants, desalting and dual-purpose plants; propulsion and power for civilian maritime uses; attended and unattended earth and undersea power devices; and related fuel reprocessing, waste disposal and environmental systems. They include development of civilian power and test reactors, isotopes, waste and environmental related systems, and associated equipment for general nuclear oriented research; new and advanced technology leading to improvements in fuel utilization, reprocessing and waste disposal, and new concepts and processes; investigations and research into safety of reactor systems and nuclear processes, and establishment of environmental and safety criteria; and fostering and coordinating development and application of civilian nuclear power in cooperative arrangements with industrial, utilities, and other government organizations. Research and development in nonnuclear energy was provided for in section 201(a) of Public Law 92-84.

In order to assure that the vital research and development programs and related activities can continue to benefit from the closest possible integration with other highly technical AEC programs, activities, and personnel, such work would continue to be accomplished through and directed by AEC and carried out under AEC contracts administered by that agency. However, the functions of planning, budgeting and funding, coordination, assessment of resources and establishment of priorities as related to national energy planning would be transferred to the new Department. It is not intended, by the transfer of any civilian power functions to the Department, to preclude AEC continuance of research and development effort in safety, reactor technology, fuel reprocessing, waste management, or other activities that relate primarily to programs remaining with the Commission.

(2) The raw materials program. This encompasses evaluation of natural uranium and thorium resources and production capabilities; assessment of the viability of the domestic raw materials industry; and research and development in uranium geology, exploration and extraction, and management of excess uranium stocks.

(3) The uranium enrichment and related distribution activities constituting part of the Commission's program for the production of special nuclear materials. This encompasses the program for uranium enrichment services to meet the needs for enriched uranium in domestic and foreign peaceful applications of atomic energy, for Department of Defense applications, and for AEC research and development programs. It includes operation and maintenance, and improvement of AEC's existing gaseous diffusion plants (and related feed facilities), together with manufacture of special materials and components; research and development to advance enriching technology; the sale of uranium enriching services, including determination of prices to be charged; and the planning or future needs.

(4) With respect to the Plowshare program, the Department would have funding responsibility for all natural resource aspects of the program. The Department's responsibilities would also encompass the identification of programs to be undertaken which would utilize nuclear explosives, such as specific projects for gas stimulation or geothermal enhancement; negotiation and administration of contracts for industrial participation in such projects; and conduct of economic studies anticipating future provision of Plowshare services on a commercial basis. General research and development, device research and development, device technology, explosive effects tests, development of fielding systems, project execution and related activities would remain with AEC, and the Department would budget for and transfer to AEC the necessary funds for these activities.

SEC. 302 provides that functions vested in hearing examiners by subchapter II of chapter 5 of title 5 of the United States Code will continue to be vested in hearing examiners of the Department of Natural Resources.

SEC. 303 provides that in any case in which the head of a department or agency is required to consult or obtain the approval of the head of another department or agency as a condition to his performance of a function, and the functions of both with respect to the matter involved have been transferred to the Secretary of Natural Resources, the requirement for such consultation or approval is terminated.

SEC. 304 provides that personnel, personnel positions, assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds relating to functions transferred to the Secretary shall follow those functions and be transferred to the Secretary. Appropriations so transferred will be accounted for in accordance with the provisions of section 202 of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 581c) under which transfers of this type normally are made. To the extent

that additional incidental adjustments may be needed to accomplish the intent of the Act, section 506 of the Act authorizes the Director of the Office of Management and Budget to make those adjustments. Personnel positions expressly created by statute or Reorganization Plan, personnel occupying those positions on the effective date of the Act, and personnel authorized to receive compensation at one of the rates prescribed by the Executive Schedule (5 U.S.C. 5312-5316) would not be transferred to the new Department by the Act. Those personnel positions would lapse, as provided in section 501. Persons under the Executive Schedule may be employed by the Department, without loss of pay, under section 306 of the Act.

SEC. 305 provides that non-temporary personnel, other than personnel entitled to compensation under the Executive Schedule (Level I to V), shall not be separated or reduced in grade or compensation, as a result of the establishment of the new Department, for one year after being transferred to the new Department pursuant to section 304 of the Act. This provision is designed to preclude reduction in force solely as a result of the enactment of this Act for one year after the new Department becomes operational. However, this provision would not preclude the separation or reduction in grade or compensation of any such personnel under the same circumstances that such adverse action could have been taken if this Act had not been enacted—for example, separation for cause or removal from a Schedule C position. (See Sec. 9(h), DOT Act, 80 Stat. 944.)

SEC. 306 provides that persons entitled to compensation under the Executive Schedule (Level I to V) may be employed by the new Department and if that employment is without break in service and if the duties of the new position are comparable to the duties performed immediately preceding the new appointment, such person will be entitled to receive compensation at a rate not less than he received in his previous position for the duration of his service in the new position. (See Sec. 9(h), DOT Act.)

SECS. 307, 308 and 309 set forth the specific statutory framework within which the Secretary will carry out the AEC programs and activities to be transferred by this bill. Although many of the authorities and requirements of the Atomic Energy Act would thereby be made applicable to the Secretary, it would not be feasible for both AEC and the Department to duplicate programs or staffs, or, even more important, for responsibility to be diffused in several sensitive areas. Hence, these sections contemplate that AEC would continue to be responsible for policies, procedures, and requirements relating to the control of Restricted Data; the Department would administer the transferred programs and activities under AEC physical security and classification policies, guides and procedures; and Department employees and

other persons engaged in the transferred programs and activities would be required to have appropriate AEC security clearances.

None of AEC's licensing authority and responsibility would be transferred to the Secretary. In the transferred programs and activities, the Department and contractors for its account would be exempt from requirements for AEC licenses, but the Department's standards and procedures for radiological protection of the public health and safety and the safeguarding of the national defense and security would be required to be consistent with those of the Commission governing its own activities, and to be established with the Commission's advice and concurrence.

The Commission would retain its present exclusive authority in the definition of extraordinary nuclear occurrence, source and special nuclear materials, and production and utilization facilities, an authority that is basic to the licensing, indemnification, and weapons programs of the Commission. AEC would also retain the authority with respect to negotiation of international arrangements and agreements for cooperation with foreign countries and organizations; the Secretary would, however, have the authority, consistent with the overall international agreements, to negotiate implementing agreements for distribution of source and special nuclear materials and for reprocessing and toll enrichment of such materials for peaceful uses.

SEC. 307 lists the specific provisions of the Atomic Energy Act under which the Secretary will administer the transferred programs and activities, with all the powers and duties of the Commission thereunder except as otherwise specified. These provisions include:

1. Chapters 1 and 2 of the Act, stating overall policies and purposes and prescribing definitions, with the determinations as to "extraordinary nuclear occurrence," "production facility," "source material," "special nuclear material," and "utilization facility" retained in the Commission (subsections (a), (b)).

2. Those provisions of chapter 3 ("Organization") that relate to advice from the General Advisory Committee and to liaison with the Department of Defense (subsection (c)). It is intended that with respect to the transferred programs and activities the Department of Defense shall have the same rights and responsibilities vis-a-vis the Secretary as it has in other respects with the Commission.

3. Chapters 4 ("Research") and 5 ("Production"), which provide the principal statutory base for the civilian power, nonnuclear energy, Plowshare, and uranium enrichment programs and activities transferred to the Secretary (subsection (d)). The provisions of section 44 of the Act, relating to disposition of energy produced in Commission operations, will apply to energy produced in Department operation of production or utilization facilities.

4. The provisions of chapter 6 that relate to the acquisition and distribution, as distinguished from the defining or licensing, of special nuclear material (subsection (e)). These include the provisions governing determination of charges and guaranteed purchase prices. The Commission would retain its function under subsection 57b with respect to authorizing persons to directly or indirectly engage in the production of any special nuclear material outside the United States.

5. The provisions of chapter 7 that relate to the reporting, acquisition, and distribution, as distinguished from the defining or licensing, of source material (subsection (f)). The Commission would retain the authority under section 64 to determine whether proposed foreign distributions not undertaken pursuant to an agreement for cooperation will be inimical to the interests of the United States.

6. The provisions of chapter 8 that relate to distribution, as distinguished from the licensing, of byproduct material (subsection (g)). The Commission would retain the authority under subsection 82b to determine whether foreign distributions not undertaken pursuant to an agreement for cooperation will be inimical to the common defense and security.

7. In chapter 9, the authority under subsection 91b (1) relating to delivery under Presidential direction of enriched uranium to the Department of Defense (subsection (h)).

8. In chapter 11, the provisions of section 121 with respect to the effect of Commission actions in conflict with any international arrangement made after enactment of the Atomic Energy Act, and section 122 requiring maximum Commission implementation of any international arrangement made after such enactment, are made applicable to the Department (subsection (i)); the remaining sections of chapter 11 concern the entering into of agreements for cooperation and international arrangements, and no responsibilities or authority thereunder are transferred to the Secretary.

9. In chapter 12, "Control of Information," subsection 144a would apply to the Secretary's implementation of agreements for cooperation; subsection 145b, with respect to security investigations and clearances, would apply to Department employees and others for whom access to Restricted Data is required, but the Commission would retain the security clearance function; and the Department would be subject to the limitation in subsection 146b with respect to controlling or restricting dissemination of information (subsection (j)). No responsibilities or authority under the remaining provisions of chapter 12 relating to policy, classification and declassification of Restricted Data, Department of Defense participation, international cooperation, and restrictions, are transferred to the Secretary.

10. Numerous listed sections and subsections of chapter 14, "General Authority," which have provided the Commission with needed or

desirable authority and flexibility, or imposed certain limitations on authority, are made applicable to the transferred programs and activities (subsection (k)). Some of these are general in nature, e.g., advisory boards, subpoena power, appointment and compensation of employees, acquisition and disposition of property, carrying of firearms, issuance of rules and regulations, granting of easements, sale of utility and other services, Presidential contract exemption authority, proscribed contract practices, Comptroller General audit, and payments in lieu of taxes. Others are more directly keyed, though not exclusively so, to the transferred programs and functions. These include the authority to contract to provide certain processing, fabricating, separating and refining services to licensees and to sell materials to them (subsection 161m of the Act); perform similar services in implementation of agreements for cooperation (subsection 161t); enter into long-term contracts for acquisition of reactor or reactor-related services, or for other materials or services under certain stated conditions (subsection 161u); enter into long-term contracts to produce or enrich special nuclear material for licensees, or in implementation of agreements for cooperation, under certain stated conditions (subsection 161v); enter into long-term power contracts for the Oak Ridge, Paducah and Portsmouth installations (sec. 164); settle claims for damages resulting from detonation, explosion, or radiation produced in a program involving detonation of an explosive device (sec. 167); and enter into agreements of indemnification with certain types of contractors covering risk of public liability for a substantial nuclear incident (sec. 170). It is intended that the Department's policies and procedures with respect to agreements for indemnification shall be consistent with those followed by the Commission with respect to its contractors. The "no subsidy" requirement of section 169 with respect to Commission-licensed facilities is applicable to the Department. It should also be noted that the statutory committees—the General Advisory Committee, the Military Liaison Committee, and the Advisory Committee on Reactor Safeguards—will be available for consultation by the Department, although the appointment of members and administrative support will remain as heretofore. A continuing close and effective relationship between the Department and the Commission is required and expected on the many matters of mutual concern that will evolve in carrying out their respective functions.

11. In chapter 15, the provisions (secs. 171, 172, 174) relating to just compensation for property acquired, condemnation of real property, and Attorney General approval of title (subsection (l)).

12. In chapter 17, "Joint Committee on Atomic Energy," the provisions of section 202 relating to Joint Committee oversight of the

Commission and the Commission's responsibility to the Joint Committee (subsection (m)).

13. In chapter 18, "Enforcement," the provisions of sections 229 and 230, relating to trespass upon and photographing, etc., of Commission installations, modified to make them applicable to Department installations used in carrying out the transferred programs and activities (subsection (n)).

14. In chapter 19, "Miscellaneous," the provisions of section 251 with respect to reports to Congress, and section 261 requiring prior legislative authorization for appropriations and waiver of use charges and containing other provisions relating to appropriations (subsection (o)).

SEC. 308 provides that no AEC license (which would otherwise be required by the Atomic Energy Act) shall be required for the conduct by the Secretary or by persons under contract with and for the account of the Secretary, of the transferred programs and functions, thus paralleling the exemption now existing for AEC and certain contractors with respect to those programs and functions. However, the Secretary is required, with the advice and concurrence of the Commission, to establish standards and procedures for radiological protection of the public health and safety that are consistent with those established by the Commission to govern its own activities. The Secretary is also required, in the conduct of the transferred programs and activities, to establish standards and procedures for the safeguarding of the common defense and security that have the concurrence of the Commission and are consistent with those established by the Commission to govern its own activities. It is intended that the Commission's functions with respect to radiological public health and safety and the common defense and security not be diffused.

SEC. 309 provides that with respect to the transferred programs and activities the Secretary shall have all the Commission's rights, powers and duties under section 152 of the Atomic Energy Act in the case of inventions useful in the production or utilization of special nuclear material or atomic energy, made in the course of or under any contract, subcontract, or arrangement entered into with or for the benefit of the Secretary, to the same extent as if entered into with or for the benefit of the Commission. The present authority of the Commission with respect to inventions relating to atomic weapons and filing of reports (sec. 151 of the Atomic Energy Act), compulsory patent licensing (sec. 153), and compensation, awards, and royalties will remain with the Commission. It is expected that AEC invention review capabilities will be utilized to the maximum extent and that the patent policies and procedures of the Department with respect to

the transferred programs and activities will be established and administered in close coordination with the Commission.

SEC. 310 provides that the Commissioned Officer Corps of NOAA shall become the Commissioned Officer Corps of the Oceanic, Atmospheric and Earth Sciences Administration of the Department of Natural Resources. This Corps was established by statute in 1917, as a special personnel system in the Coast and Geodetic Survey, to satisfy the need for the close defense relationship and because of the mobile and short-fuse nature of assignments. It has been continued in the Environmental Science Services Administration and more recently in the National Oceanic and Atmospheric Administration. The Commissioned Officer Corps is one of the seven branches of the uniformed services of the United States. Officers are available and utilized in a broad range of assignments throughout NOAA. Service aboard NOAA's oceanographic fleet is a common and principal factor in the officer's service. Approximately one-third of service career is spent assigned to such vessels.

The provisions relating to the appointment of Corps officers to policy positions in OAESA are the same as those provided in Reorganization Plan No. 4 of 1970 for appointment to policy positions in NOAA except that the requirement for Presidential appointment to such positions has been omitted in keeping with the provisions of subsection 202(e) of the Act.

TITLE IV

Definitions and Administrative Provisions

SECTION 401. Subsection (a) defines "function", "functions", "perform" and "performance" in order to avoid repetitious references to such terms as duties, obligations, powers, authorities, responsibilities, rights, privileges, and activities, and the exercise thereof.

Subsection (b) provides that references in the Act to provisions of law shall be deemed to include, as appropriate, reference thereto as now and hereafter amended or supplemented. This avoids repetitious uses of "as amended" or "as supplemented." It also recognizes that statutory authorities subject to transfer under this legislation may be amended or supplemented by other legislation while this legislation is under consideration or after this legislation is enacted but before it becomes effective. This provision would avoid any issue as to whether statutory authorities transferred by this Act are transferred in their amended forms, and will obviate the need for last minute conforming adjustments in this or any other legislation during final stages of the legislative process.

SEC. 402 authorizes the Secretary to prescribe such policies, standards, criteria, procedures, rules, and regulations as he may deem to be necessary or appropriate to perform functions now or hereafter vested in him. (See sec. 203(b)(1), NASA Act; OEO Act, 42 U.S.C. 2942 (n); sec. 9(e), DOT Act, 80 Stat. 944; sec. 7(d), DHUD Act, 79 Stat. 667.)

SEC. 403. Subsection (a) authorizes the Secretary to delegate any of his functions to such officers and employees of the Department as he may designate and to authorize successive redelegations of those functions. (See sec. 7(d) of DHUD Act, 79 Stat. 667; sec. 9(e) of DOT Act, 80 Stat. 944.)

Subsection (b) authorizes the Secretary to establish and modify the internal organization of the department by creating, altering, and discontinuing such organizational units and components as he may, from time to time, deem necessary or appropriate to the performance of any of his functions. However, the Secretary would not be authorized to abolish the "Administrations" created by section 202(c) of the Act, or any other organizational units or components expressly established within the Department by this or any future Act or Reorganization Plan, such as the Commissioned Officer Corps of OAESA established by section 310 of this Act. (This authority is quite similar to that now applicable with respect to the Department of Housing and Urban Development and the Department of Justice.) (See also sec. 203(b)(8), NASA Act, 72 Stat. 430.)

SEC. 404 authorizes the Secretary to establish, alter, or discontinue and to maintain such State, regional, district, local, or other field offices as he may deem necessary or appropriate to the performance of his functions. This will expressly permit the Secretary to design and establish the best field office system he can devise to assure effective, expeditious, and responsive implementation of the Department's programs. It would also permit him to alter or discontinue that system and establish another system if experience or changed conditions indicate the advisability of such a change.

SEC. 405 is a standard provision authorizing the Secretary, subject to the civil service and classification laws, to select, appoint, employ, and fix the salaries of such officers and employees, including attorneys, as are necessary to the performance of his functions. (See sec. 7(c), DHUD Act, 79 Stat. 667.)

SEC. 406 authorizes the Secretary to obtain the services of experts and consultants at rates not to exceed those prescribed for GS-18 of the General Schedule. (See sec. 7(e) of the DHUD Act as amended by sec. 906 of the Housing and Urban Development Act of 1970, P.L. 91-609.)

SEC. 407 is a standard provision authorizing the Secretary to appoint advisory committees to consult with and advise him with respect to the performance of his functions. (See sec. 7(e) of the DHUD Act, as amended by sec. 905, P.L. 91-609; sec. 9(o) of DOT Act, 80 Stat. 944.)

SEC. 408 authorizes the appointment, detail, or assignment of members of the Coast Guard, the Commissioned Officer Corps of OAESA, or the Regular or Reserve Commissioned Corps of the Public Health Service to any position in the Department that is not required to be filled by an officer whose appointment is required to be confirmed by the Senate.

Subsection (b) permits members of the Army, Navy, Air Force, and Marine Corps to be detailed for service in the Department under agreements between the Secretary and Secretaries of the Military Departments.

Subsection (c) provides that the status, office, rank, or grade of persons who are appointed, assigned, or detailed to the Department pursuant to this section shall not be adversely affected by service under this section. (See sec. 9(d)(1), DOT Act, 80 Stat. 944.)

SEC. 409 authorizes payment of transportation expenses and per diem to temporary or seasonal employees from the place of their recruitment to the place of their duty and while at the place of such duty. Such expenses would be paid in accordance with chapter 57 of title 5 of the United States Code which relates to similar payments to other Government employees for official travel. (See 7 U.S.C. 2229.)

SEC. 410 authorizes the Secretary to enter into contracts and agreements, including grant agreements, with public agencies and private organizations and persons. It authorizes payments in lump sum or by installments or in advance or by way of reimbursement. It also authorizes the Secretary to take such steps as he may deem necessary or appropriate to perform his functions. (See sec. 203(b)(5), NASA Act, 72 Stat. 426.)

SEC. 411 authorizes the Secretary to acquire facilities required for the maintenance and operation of laboratories, research, and testing sites and facilities, quarters, and related accommodations for employees and their dependents and such other special purpose real property as the Secretary deems necessary. Such special purpose facilities and real property could be acquired by purchase, lease, condemnation, or otherwise. General purpose facilities and real property would continue to be acquired by the General Services Administration. The title to all property acquired pursuant to this section would be in the United States rather than in the Secretary or the Department. (See sec. 203(b)(3), NASA Act, 72 Stat. 426.)

SEC. 412 authorizes the Secretary to provide, construct, or maintain, as necessary and when otherwise unavailable, certain facilities and

services for employees and their dependents at remote locations. Included would be emergency medical services and supplies; food and subsistence supplies; messing facilities; audio-visual equipment, accessories, and supplies for recreation and training; living and working quarters and facilities; and transportation for school-age dependents to the nearest appropriate educational facilities. Reimbursement would be required for the medical treatment and for services and supplies so furnished to employees and their dependents. Charges for these services, or any other services under this Act to private persons or organizations, would be determined in accordance with uniform policies, standards, and procedures prescribed by the Office of Management and Budget and with 31 U.S.C. 483a and 5 U.S.C. 5911. (See sec. 9(1), DOT Act, 80 Stat. 946, and 15 U.S.C. 1514.)

SEC. 413 would authorize the Secretary to permit concessionaires to provide services on property under the custody and control of the Secretary. Concession agreements under this section would have to be in conformity with standards prescribed in regulations issued by the President. (See 16 U.S.C. 20-20g, 580d.)

SEC. 414 authorizes the Secretary to acquire copyrights and patents, interests therein and licenses thereunder, whenever such acquisitions are necessary or appropriate to the performance of his functions. (See 10 U.S.C. 2386.)

SEC. 415 authorizes the Secretary to engage in such basic and applied research and disseminate technology as he may deem necessary to carry out functions entrusted to him. (See title V, Housing and Urban Development Act of 1970, P.L. 91-609; sec. 9(q), DOT Act, 80 Stat. 947.)

SEC. 416 authorizes the Secretary, within his own discretion or at the request of any persons, firms, organizations, or others, public or private, to make special studies concerning matters within his jurisdiction; to prepare from the records of the Department special compilations, lists, bulletins, or reports; to furnish transcripts or copies of those studies, compilations, and other records; to furnish copies of charts, maps, or photographs; and to provide services incident to the conduct of the regular work of the Department. For example, the Department may have a specialized piece of equipment, or persons with specialized knowledge, not available elsewhere and, in appropriate cases, the Secretary would be authorized to make those services available to private persons and to public and private agencies and organizations. This section also authorizes the Secretary to undertake joint projects with nonprofit organizations, research organizations, and public agencies and organizations involving matters of mutual interest and to share the costs thereof. As noted with respect to section 412, charges to private persons and organizations under this Act would be

determined in accordance with user standards, charges policies, and procedures prescribed by the Office of Management and Budget and 31 U.S.C. 483a. (See P.L. 91-412—Department of Commerce.)

SEC. 417 authorizes the Secretary to accept, hold, administer, and utilize gifts and bequests. (See sec. 905(k) of Housing and Urban Development Act of 1970, P.L. 91-609; sec. 9(m), DOT Act, 80 Stat. 946.)

SEC. 418 authorizes the Secretary to prescribe a seal for the Department. (See sec. 7(g) of DHUD Act, 79 Stat. 667.)

SEC. 419 authorizes the establishment of a working capital fund to defray necessary expenses arising out of the maintenance and operation of such common administrative services as the Secretary shall find to be desirable in the interest of economy and efficiency. (See sec. 9(j), DOT Act, 80 Stat. 945; sec. 7(b), DHUD Act, 79 Stat. 667; and 43 U.S.C. 1467, Interior Department.)

SEC. 420 is a technical provision. In certain cases authority under a portion of an Act is transferred to the Secretary by this Act while responsibility for other provisions of the same Act will be retained by the transferring agency. This provision is designed to permit the Secretary to exercise powers vested by the general provisions of any such Act without divesting the transferring agency of authority to exercise those powers with respect to the functions retained by that agency.

SEC. 421 is designed to make it clear that authority expressly provided by this Act is in addition to and not in substitution for any authority that may have existed prior to the effective date of this Act and is transferred by this Act.

SEC. 422 requires an annual report to the Congress on the activities of the Department concerning activities during the preceding fiscal year, a statement of goals, and an assessment of progress.

SEC. 423 authorizes the Secretary, when authorized in an appropriation act, to transfer funds from one appropriation to another so long as such transfers do not increase or decrease an appropriation by more than five percent. This does *not* permit such transfers unless they are authorized in an appropriation act.

SEC. 424 authorizes the establishment of service funds for each Administration. These funds would be used to defray the initial costs of reimbursable services provided to other departments and agencies or to persons, agencies, or organizations outside the government.

SEC. 425 directs the Secretary from time to time to prepare and publish compilations of laws and treaties applicable to the various program areas of the Department as he deems to be in the public interest.

TITLE V

Transitional and Conforming Provisions

SECTION 501 provides that whenever all of the functions of a department, agency, or other body, or of any component thereof have been transferred, whether by this Act, or by a combination of Acts, Reorganization Plans, etc., the department, agency, etc., shall lapse. This, in effect, discontinues organization structures when they no longer have functions to perform. It applies only when all of the functions of the agency or component have been transferred to the Secretary. Thus, it would not apply, for example, to the Corps of Engineers, whose military functions and construction and other activities continue; nor would it apply to the Economic Research Service or the Agricultural Research Service, unless the remaining functions of these Department of Agriculture agencies are transferred to another department under the reorganization program. The section also provides that all Executive Schedule offices and positions in a department or agency that lapses under the first sentence of the section shall also lapse.

SEC. 502 repeals the section of the Flood Control Act of 1970 which established the position of the Assistant Secretary of the Army for Civil Works, as this statutory office is not covered by section 501.

SEC. 503 substitutes the Department of Natural Resources for the Department of the Interior in the definition of "Executive Department" in title 5 of the United States Code.

SEC. 504 substitutes the Secretary of Natural Resources for the Secretary of the Interior in section 19(d) of title 3 of the United States Code relating to presidential succession.

SEC. 505 substitutes the Secretary of Natural Resources for the Secretary of the Interior in Reorganization Plan No. 2 of 1970 relating to membership on the Domestic Council.

SEC. 506 authorizes the Director of the Office of Management and Budget to make such additional incidental dispositions of functions, positions, personnel positions, assets, liabilities, contracts, property, records, appropriations, etc., as may be necessary to carry out the intent and purpose of the Act. This is a standard provision in Reorganization plans involving interagency transfer of functions.

TITLE VI

Savings Provisions

SECTION 601 is a savings clause that continues the effectiveness of all existing orders, determinations, rules, regulations, permits, con-

tracts, certificates, licenses, and privileges affected by the Act, until such time as they are otherwise modified or replaced by appropriate authority or otherwise expire. This avoids any inadvertent lapsing or impairment of essential Executive orders, directives, documents, and obligations, and will afford the President and the Secretary sufficient time to deal with these matters in an orderly fashion.

SEC. 602 is another savings clause that preserves and continues legal proceedings in being on the effective date of the Act. Such proceedings would, in effect, be continued, modified, or terminated as if the Act had never been enacted.

SEC. 603 is a technical provision. It provides that with respect to functions transferred by the Act, references in laws (including Reorganization Plans) to other officials shall be deemed to be a reference to the Secretary.

SEC. 604 is a technical provision. A number of the functions that are transferred by this Act are functions that are vested in the President but were delegated to a transferring agency on the effective date of this Act. Under the terms of the Act those functions are transferred to the Secretary. This section is designed to assure that those administrative delegations of functions by the President do not take on a statutory character that would impair the President's authority to modify, terminate, or transfer these delegated functions in the future.

TITLE VII

Separability

SECTION 701 is a standard separability clause that avoids the invalidation of the whole Act if a single provision is found to be invalid.

TITLE VIII

Effective Date and Interim Appointments

SECTION 801 provides that the Act shall become effective 120 days after the Secretary is appointed, or on such earlier date as the President may prescribe and publish in the *Federal Register*. This will give the President time to select, nominate, and appoint the Secretary, and will allow the Secretary sufficient time to arrange and organize the new Department and prepare such rules, regulations, orders, etc., as may be necessary for a smooth transition.



Proposed

Department of Human Resources

REPORT AND REVIEW

A. INTRODUCTION

1. PRESIDENT'S REORGANIZATION PLAN

President Nixon, in his State of the Union Message on January 22, 1971, proposed a sweeping reorganization of the executive branch to enable the Federal Government to carry out its responsibilities in meeting the changing needs and concerns of the American people. The President's reorganization proposal is largely based on the findings and recommendations of a detailed study conducted by the President's Advisory Council on Executive Organization (known as the Ash Council). The proposals made by the Ash Council differ in some respects from the proposed legislation for the Department of Human Resources. The differences reflect conclusions reached on the basis of an intensive review of the Ash Council report, as well as proposals for executive reorganization made earlier in this administration and in previous administrations.

Over the past two decades, both the size and complexity of the Federal Government have increased dramatically. The number of Cabinet-level Departments has increased from nine to 12. The number of major independent agencies has increased from 27 to 41. The number of domestic programs has increased over tenfold to approximately 1,400.

The number of Federal employees has increased by almost 30 percent, and the Federal budget has increased from \$42 billion to well over \$200 billion.

Along with this growth in size and complexity, the mission of the Federal Government has broadened substantially. The Federal Government, in cooperation with State and local governments, has recognized needs and assumed a wide range of responsibilities—often by developing a new program to deal with each specific need. As

a result, a great many separate programs have been developed, each with its own limited purpose and administrative structure.

Many of the problems arising from the proliferation of programs can be alleviated by an effective organization and management structure in which programs with similar purposes are grouped together and administered in concert. While the original rationale for creating separate departments and agencies may have been valid, the changes that have occurred in this Nation create a need for substantial revamping of the present Federal agency structure. The President is therefore recommending that many of the domestic programs of government be rearranged and assigned to four new Departments:

Community Development.—A Department concerned with the community—rural communities and urban communities—with the need to create and preserve a safe and wholesome living environment for every person.

Natural Resources.—A Department concerned with our physical environment and the preservation and balanced use of those great natural resources on which this Nation depends.

Human Resources.—A Department dealing with the concerns of people as individuals, as members of a family—a Department focused on human needs.

Economic Affairs.—A Department concerned with the growth and health of our economy—with our jobs, our businesses, and those many activities that maintain and strengthen the American economy.

2. PROPOSED NEW DEPARTMENT OF HUMAN RESOURCES

In the human resources area, the Government has failed to take into account the close interrelationships among the needs of individuals and families. The need for minimum income, education, training, social and health services cannot be met effectively by a piecemeal approach. It does little good, for example, to provide additional instruction to a poor child if he is so hungry or in such poor health that he cannot benefit from his expanded educational opportunities. The child's problems must be addressed on a comprehensive basis if he is to overcome his learning difficulties.

The proposed organizational structure would bring together in a single new Department of Human Resources all programs directed at the development and well-being of individuals and families. These would include virtually all of the present Department of Health, Education, and Welfare (HEW), as well as major existing programs from the Departments of Labor and Agriculture, and the Office of Economic Opportunity (OEO). In fiscal year 1972, the proposed new Department of Human Resources would employ approximately 120,000 full-

time personnel. Total Federal outlays in 1972 for programs administered by the Department would approximate \$30 billion in Federal funds and \$57 billion in trust funds.

3. MISSION OF THE NEW DEPARTMENT

The new Department would have the overall mission of promoting the development and well-being of individuals and families in partnership with State and local governments, public and private institutions, and individual citizens. Its activities would fall into three general areas: Income security, health, and human development.

The Department's functions will be:

- Assisting in the enhancement of intellectual growth and development;
- Maintaining and improving the skills of individuals through training;
- Maintaining and improving physical and mental health;
- Extending opportunities for participation in the Nation's labor force to all individuals;
- Protecting the quality, purity, and safety of foods, medicines, and other consumer products;
- Assuring basic income security for those temporarily unemployed and those withdrawn from the work force, their survivors and dependents, and for those who cannot provide for themselves; and
- Providing basic social services to individuals and families unable to meet basic needs for themselves, and providing for those who have not been able to compete in and participate fully as citizens in a free society.

To accomplish these functions, the Department will make grants, conduct and support research and studies, provide technical assistance, and administer direct Federal services.

B. RATIONALE FOR THE NEW DEPARTMENT

1. PROBLEMS WITH PRESENT ORGANIZATION

Under the present structure of the Federal Government, human resource program responsibilities are shared by the Department of Health, Education, and Welfare, the Office of Economic Opportunity, the Department of Agriculture, and the Department of Labor. The formation of a new Department of Human Resources will create a unified system of programs designed to overcome the serious problems resulting from this dispersal of Federal programs. Chief among these problems are:

Poorly coordinated, fragmented, and overlapping Federal programs.—The effectiveness of present programs and efforts to assist the

individual is seriously impeded by ambiguity in the definition of Federal organizational missions, lack of coordination or outright duplication among programs, and jurisdictional rivalry among agencies. This has frequently led to confusion and frustration on the part of both recipients and State and local officials who deal with these programs. For example:

- In a Southwestern city, a large and modern skills training center for vocational education was constructed using funds supplied by the Department of Health, Education, and Welfare. At about the same time, a private corporation, operating under a contract from the Department of Labor to train workers, constructed a similar skills training center three blocks away. This is an extreme example of the problems resulting from divided authority for programs having similar purposes.
- The Food and Drug Administration of HEW has the responsibility for inspecting eggs, meat, and milk products for salmonella and other unhealthful conditions. To do this they make regular inspection visits to meat and egg plants. The Department of Agriculture also has a food inspection program which maintains government employees in these *same* plants on a full-time basis. Were it not for legislative requirements and jurisdictional disputes, the functions could easily be combined.
- Recognizing the conditions migrant workers and their families are forced to endure, a community mobilizes to assist the migrant in overcoming serious health, nutritional, educational, and social problems. In addition to local and State resources, Federal assistance is sought. The community finds the Federal organizational structure a frustrating obstacle to developing a coordinated attack on the problems of the migrant. They find HEW supports health and education programs; that OEO operates a broad migrant service program while financing a migrant Head Start program whose operation has been delegated to HEW; the Department of Labor registers migrant crew leaders, provides for guarantees of safety and insurance coverage, and arranges an annual sequence of work opportunities. The loser is the migrant and his family who fail to receive the assistance that might have been available to them.

Programs organized along narrow functional lines.—Most operating agencies in existing departments responsible for human resources activities oversee relatively limited programmatic groupings of narrow functional programs. These agencies and their administrators are, by nature of this narrow focus, often closely aligned with clientele and professional groups; they often do not see the well-being of individual citizens as their primary responsibility. Past efforts to de-

centralize program responsibility to the field in order to increase responsiveness to local needs have, in some agencies, been seriously impeded, or even halted by pressures brought to bear by groups focused on narrow program interests. For example, in 1967, a government agency undertook a large decentralization drive. Positions were transferred to the regional offices and people hired to fill them. However, an organization comprised of influential interest groups quickly mobilized their forces and brought about a hasty agency retreat.

Decisionmaking authority unresponsive to local and regional needs.—The Federal Government must focus its efforts on aiding State and local governments and responding to community problems and needs if an effective attack on problems affecting the individual and family is to be carried out. The current Federal organization for the management of human resources programs is seriously deficient in this respect.

Many programs support narrow program categories on a project-by-project basis, with decisions made centrally. The system of reviewing applications for these grants often involves as many as seven or eight different reviews—by State agencies, regional offices, headquarters staff, and advisory committees. In many instances, these additional levels of review make minimal contributions or have negligible effect on the outcome. In one program, of 657 grants reviewed, the advisory committee differed with the headquarters recommendation in only two instances. Not only did this review process add 2 months to the approval time and several thousand dollars to the cost, but it diluted the influence of community concerns and needs in the decision process.

Lack of accountability.—A serious impediment to effective management of human resources programs posed by the current organizational structure is the difficulty of establishing accountability. The public holds the President accountable for effective operation of the Government. But without relatively clear assignment of responsibility, it is difficult for the President to hold operating officials accountable. Accountability for broad objectives is often so diffusely spread among departments and agencies in the field of human resources that attempts to establish measures of success or failure, or to take effective corrective action when problems arise, are frustrated. For example:

- The work incentive program (WIN) is intended to provide public assistance recipients with the training and work experience needed to enable them to obtain and maintain employment. A key element in the program is the provision of child care for children of WIN enrollees. The program, to operate effectively, requires an integrated effort involving the public assistance system, manpower training offices, and child care activities. Child care and

public assistance services are administered by HEW; manpower training functions are delegated to the Department of Labor. No administrator has clear responsibility for success or failure in the overall program, and each can attribute difficulties to shortcomings in someone else's portion of the program. In this situation, corrective action tends to be fragmented and ineffective.

- The concentrated employment program (CEP)—through which the Federal Government has committed nearly \$600 million since 1967—is another example where problems of accountability and coordination exist. The Department of Labor enters into "prime" contracts with local governments and community action agencies to provide a comprehensive program of manpower services in ghetto areas. These services include institutional training components which are approved and funded through a channel completely independent of the prime contractor. The Office of Education in HEW approves and funds these projects through the State vocational agencies, using Manpower Development and Training Act funds which have been appropriated to the Department of Labor and transferred to HEW. If the State vocational agency is unwilling to approve the necessary institutional training, the CEP program is left with no capacity to provide the manpower training which is essential to success of the comprehensive program.

2. RECENT REORGANIZATION STUDIES OF HUMAN RESOURCES PROGRAMS

A number of reorganization studies in the postwar period have proposed changes in executive departments dealing with human resource programs. In 1949, the Hoover Commission recommended a consolidation of labor functions into the Department of Labor and a grouping of activities according to major purpose in a new agency for Social Security, Education, and Indian Affairs. The report highlighted the fluid nature of Federal responsibility for human resource programs as follows:

American concern over the problems of education, health, relief of the needy, aid to the handicapped, and old age is as old as the Republic. Responsibilities in these fields were originally considered to be those of State and local governments. With the growth of the Nation, these problems have become wider than local and State boundaries. There is a common interest in the advancement of science and in the common dangers from disease * * *. The problems of unemployment extend beyond State borders. There is generally a recognition of the practical problems which lie in our obligation as "our brothers' keeper."

* * * In dealing with these matters, the Federal Government has usually sought to preserve the responsibilities of local government and their agencies of administration in effecting the national purpose.

In 1953, the President's Advisory Committee on Government Organization recognized the "astonishing variety of responsibilities, which

collectively touch virtually every citizen, but in numerous scattered ways." In recommending the initiation of HEW as successor to the Federal Security Agency, the report said:

The one common thread that weaves through these varied activities is that all are concerned with what might be called the human side of the Nation's problems. In this complex, rapidly changing world it is vital that human problems should be given the fullest consideration at the highest level of government.

More recently, the 1965 report of the Task Force on Intergovernmental Program Coordination, chaired by Stephen K. Bailey—then the distinguished Professor of the Public Administration at Syracuse University—clearly pointed out the difficulties of delivering the services of the varied human resource programs to their intended beneficiaries. The Ash Council recognized these difficulties, making these statements:

Assisting the development and well-being of its citizens is an essential purpose of Government. * * * The creation of * * * a Department (organized around this purpose) would provide, for the first time, a single Federal focus by bringing together the now fragmented array of programs and services dealing with the problems in this area.

This single focus is critical for two reasons. First, assisting the development and well-being of individuals often requires the application of several programs and services. The needs are interrelated but the existing organization of Federal assistance prevents an effective, integrated response. Second, due to the expanding demands and the limited resources available, we must have the capability to set priorities and make the required tradeoffs in this area.

3. SCOPE AND BENEFITS OF THE REORGANIZATION

The President's proposal for a Department of Human Resources makes three major changes in the administration of human resources programs at the Federal level. It will:

- Provide a single, integrated focus to meet the Federal responsibility for individuals by bringing human resources programs together within a single organizational entity.
- Assure a strong management team to assist the Secretary in his responsibilities for all operations of the Department; to develop policy embracing all human resources functions, and to plan and implement a balanced program of Federal activities affecting individuals and families.
- Create three administrative units oriented to the broad human resource purposes of income security, health, and human development.

The Department will have a Secretary and a Deputy Secretary directly under him who will concentrate on internal management. It will also have two Under Secretaries to assist the Secretary in matters relating to the performance of planning, policy, and management functions and in the direction and coordination of field operations.

Regional directors of the Department will be given full authority for all service programs involving payments to State, local, and private institutions with the exception of experimental and R. & D. activities.

Operating programs would be grouped under three "administrators" with wide authority for administration of programs and development of policy in income security programs, health, and human development.

The income security functions of the Department will encompass:

- Administration of contributory social insurance systems currently authorized under the Social Security Act—retirement and survivors' insurance, disability insurance, and Medicare.
- Administration of other social insurance programs of the Federal Government—railroad retirement and unemployment insurance.
- Provision of assistance benefits for the poor and near-poor through public assistance, food stamp, commodity distribution, supplemental food, and Medicaid programs, and upon enactment, the family assistance plan, and the family health insurance plan.

The functions of the Department related to the health of individuals and families will include:

- Development of improvements in the health care delivery system to make it more effective and accessible.
- Conduct of research to develop new and improved means of preventing and curing illness.
- Assurance that the individual is protected from possible health hazards.
- Assurance that personnel needed to perform health functions throughout the Nation are trained and available.

In the third major area, human development, the Department's functions will include:

- Assurance that a quality basic education is available to all.
- Aid for school systems in achieving desegregation and preventing racial isolation.
- Assistance and encouragement in improvement of the Nation's system of higher education and increasing its accessibility to all qualified individuals.
- Support of occupational training, apprenticeship, work experience, and employment for those individuals in the labor force whose skills and/or work experience are insufficient to qualify them for available jobs.
- Provision of services to individuals and employers designed to place workers in appropriate occupations and facilitate more efficient distribution and use of our manpower resources.

- Assistance for State and local organizations to provide and improve services that help individuals and families overcome problems which prevent or hinder them from functioning normally in our society.

The integrative, structural, and management features described in the foregoing paragraphs will result in major advantages as described below:

Creation of a coordinated Federal response to human resources problems.—Administration by a single Department of functions which affect individuals and families will permit a linking of manpower training and welfare, of education and health, which will view the individual as an entity and stress the interrelatedness of program areas as they affect individuals. It will facilitate development of a comprehensive income strategy. The management team will play a strong role in insuring overall program and policy coordination and a strong regional structure will insure coordination of programs of State and local assistance.

Development of a structure to organize programs around comprehensive and interrelated objectives.—Grouping of several existing operating agencies into three purpose-oriented administrative units will facilitate a comprehensive view of the national purpose. Groups having particular interest in education, or manpower, or social service programs, for example, will continue to receive a sympathetic hearing within the new Department. Combining these program areas under a single administrative official for Human Development will permit a focus on the interrelationship between these programs in a way that was not previously possible, and will provide increased responsiveness to special concerns in each area. For example, the objective of both the vocational education and the manpower training program is to provide individuals with essential job skills. Having both programs under one administration will make it possible to assign the most appropriate role to each in accomplishing the overall mission. This should increase the effectiveness of the overall human development effort in accomplishing its primary purpose of aiding people to achieve their full potential.

More effective response to State and local needs and priorities.—The new Department will provide that decisions affecting programs for States and communities will be made in the field rather than in Washington. Regional directors, appointed by the Secretary, will have complete decisionmaking authority over Federal grants-in-aid to State and local governments, and will exercise coordinating responsibility in their regions for all programs administered by the Department. This will enable the Federal Government to be respon-

sive to State and local needs, and will assist in development of an effective partnership between governments at all levels.

Establishment of clear accountability and responsibility for Federal programs aiding individuals and families.—One Department will have responsibility for the whole spectrum of Federal activities affecting individuals and families. Decisions involving the most effective allocation of resources among these activities will be made at the departmental level, in contrast to the present system which frequently requires the President and his staff to consider issues that should have been resolved at lower levels.

C. ORGANIZATION AND MANAGEMENT OF THE DEPARTMENT OF HUMAN RESOURCES

1. OVERVIEW

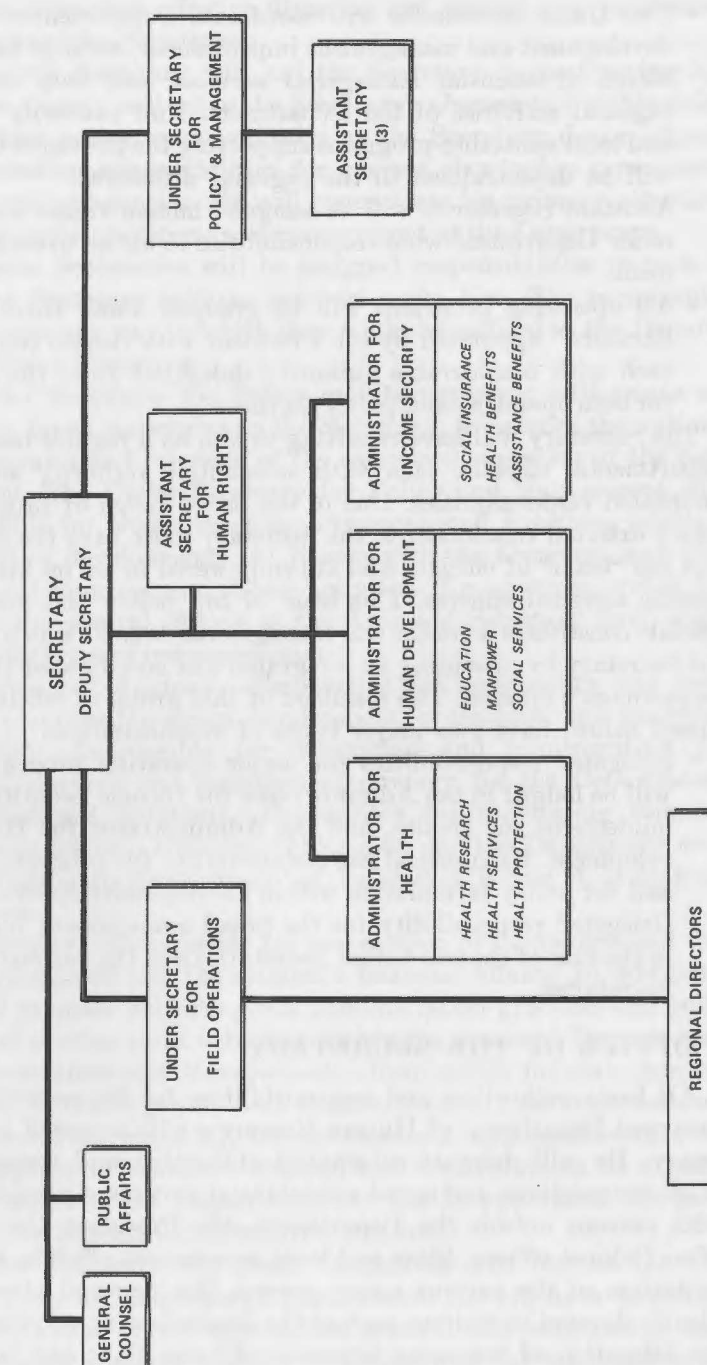
The management system of the Department of Human Resources has been designed around three key principles:

- The Department should represent broad purposes. Similar and interdependent programs should be grouped together and lines of authority clarified to provide a single organizational location for each given purpose.
- The Secretary should be the sole repository and source of authority within the Department. He should be free to delegate this authority as he deems appropriate.
- To the maximum extent practicable, authority and responsibility for the operation of the programs of the Department should be decentralized.

The organization of the Department has the following principal features:

- The Secretary will provide overall executive direction, concentrating his attention on new policy initiatives, assessment of the Department's performance, working with the President and other Cabinet executives, and relations with the Congress and the public.
- A Deputy Secretary will be the alter ego to the Secretary; he will carry a portion of the burden in policy, communications, and external relations, but will concentrate primary attention on overseeing the internal operations of the Department.

PROPOSED DEPARTMENT OF HUMAN RESOURCES



- Two Under Secretaries will coordinate Department-wide policy development and management improvement, arrange for the provision of essential managerial services, and help oversee the regional activities of the Department. Full authority for State and local assistance programs supporting the provision of services will be decentralized to the regional directors.
- Assistant Secretaries will be assigned human rights and various other Department-wide responsibilities to aid in overall management.
- All operating programs will be grouped under three "Administrators," appointed by the President with Senate confirmation, each with considerable authority delegated from the Secretary for both operating and policy decisions.

The Secretary will have reporting to him on a regular basis six key departmental officials, each with substantial authority and clearly delineated responsibilities. Due to the broad range of programs and major external relationships, the Secretary must have the support of this top "team" of officials who are empowered to act on his behalf in specific assigned spheres. This team of top policy and management officials constitutes a forum and management council which can assist the Secretary by providing an integrated and coordinated view of the Department's mission. The members of this group of officials, as discussed below, have two major types of responsibilities:

- Delegated responsibilities for major operating programs. These will be lodged in the Administrator for Income Security, the Administrator for Health, and the Administrator for Human Development. Each official has responsibility for program execution and for policy formulation within his respective sphere.
- Delegated responsibility for the broad management functions as in the case of the two Under Secretaries and the various Assistant Secretaries.

2. OFFICE OF THE SECRETARY

All basic authorities and responsibilities for the activities of the proposed Department of Human Resources will be vested in the Secretary. He will delegate substantial authorities and responsibilities to other executives, and spend a substantial portion of his time dealing with persons outside the Department—the President, the Congress, other Cabinet officers, State and local government officials, and representatives of the various major groups. His personal attention will also be devoted to matters such as the determination of priorities and the allocation of resources, approval of basic plans and policies, resolving major conflicts among operating or staff units, and assuring

on a broad basis that effective direction and control are maintained over all parts of the Department.

The Deputy Secretary will aid the Secretary in performing his duties. The Deputy will act in the Secretary's absence and will be delegated various policy responsibilities as the Secretary deems appropriate, including responsibilities for general, day-to-day supervision of the operating agencies. He will concentrate his primary attention on overseeing the operations and management of the Department.

The Under Secretaries will be assigned responsibilities in such a way as the Secretary believes can best assist him. The paragraphs below describe one way in which they might be utilized in the Department of Human Resources.

An Under Secretary for Policy and Management will create an integrating force, responsive to the Secretary, to balance the various major programs and interests of the component agencies of the new Department. The Under Secretary for Policy and Management will be responsible for crosscutting departmental staff functions relating to: (1) Policy development, (2) liaison with the Congress, and (3) departmental management. These activities, for example, would be grouped under several officials at the Assistant Secretary level, with the following types of responsibilities:

- *Planning and Analysis.*—Responsible for basic policy and program planning, program development, evaluation, and analysis.
- *Research.*—Responsible for developing and implementing an overall research and development strategy for the Department.
- *Congressional Relations.*—Responsible for facilitating communications between Members of Congress and the Department and contributing to development of legislation before it is sent to Congress.
- *Comptroller.*—Responsible for preparation of the budget and for management of the Department's financial affairs. In addition, he will promote uniform grant administration practices and policies and oversee audit activities within the proposed Department.
- *Administration and Management.*—Responsible for management support to the Secretary and Deputy Secretary in areas such as organizational planning, the development and maintenance of management information systems, and the evaluation of overall performance of the Department. He will be responsible for personnel matters and administrative services.

An Under Secretary for Field Operations will oversee the regional activities of the proposed Department. He will have responsibility for operation of the regionalized grant-in-aid programs of the new Department and coordinating responsibilities for "national" programs. As such, he will be a key official in carrying out the purposes

of the Department through programs closely in touch with and responsive to the needs of local citizens. To give a strong emphasis to decentralization and to support the role of the regional director, an Under Secretary for Field Operations will:

- Be responsible for developing ways to strengthen relationships with general purpose governments at the State and local level and to promote the integration of services.
- Provide an important, visible, high-level contact for Governors, mayors, other officials, and the public on their concerns, over the entire range of decentralized departmental operations.
- Provide authority, short of the Secretary, to make decisions on important operational problems in the field.
- Assure a hearing of regional views at the highest levels in the Department.
- Provide a channel to inform regional directors of policy decisions by the Secretary.
- Provide for supervision of regional operations to assure a common approach to basic departmental problems.

Other positions could be established at the Secretary's level for Public Affairs and General Counsel. Because of the nature of their responsibilities, such officials would most likely deal directly with the Secretary and Deputy Secretary on a more frequent basis than the staff Assistant Secretaries.

It will also be appropriate to establish an Assistant Secretary for Human Rights. An Office of Human Rights will be responsible for assuring that beneficiaries of Federal programs receive services on a non-discriminatory basis. The Office will also act as point of contact and spokesman for groups of special Federal concern.

3. REGIONAL OFFICES

The departmental regions will conform to the 10 Standard Federal Regions established by the President by Executive order on March 19, 1969. Each of the 10 offices will be headed by a regional director reporting to the Under Secretary for Field Operations. The regional director will carry these responsibilities and have these attributes:

- Highest ranking departmental official in the field and the Secretary's representative.
- Point of contact with Governors, mayors, other officials, institutions, and members of the public and interest groups on matters of departmental policy.
- Chief administrative official in the region with authority over personnel, space, budget, housekeeping services, data systems, and evaluation of regionalized activities.

- Final point of decision for assignment of Federal personnel to provide assistance requested by States and localities or other institutions.
- Communicate and interpret policy from the President and the Secretary to all DHR units in the region.
- Participate in regional planning and act as a member of the regional council of Federal regional agency representatives.

The regional director will have line authority over programs whose primary purpose is the support of services provided by State and local governments or by institutions. He will not have line authority over national, direct service programs such as social security or health research. But he will, however, work with officials stationed in the field for administration of these programs for the purpose of transmission of Presidential and departmental policy; when there is contact with elected officials; when issues arise with general purpose governments; when there is an impact of any national program on other regionalized functions; and when other Federal agencies are involved.

Under the administration's proposals for revenue sharing, a new approach to domestic policy, the role of the Department of Human Resources regional offices will be critical. The revenue sharing funds will be granted to States without restriction under general revenue sharing, and in addition, DHR will administer "special" revenue sharing grants in education and manpower training. Under these measures, States and localities would determine how best to achieve the broad purposes for which the funds are made available. The role of the Department of Human Resources will increase as a source of support for developing new techniques in solving social problems. Its role will increase, also, in transmitting the results of research and experimental projects and other new information and expertise back to the States and localities. The regional offices will bear primary responsibility for this dissemination process. The critical importance of this role is demonstrated by the fact that approximately 50 percent of all State and local spending is for human resources programs.

4. ADMINISTRATIONS

Under the proposed legislation for the new Department of Human Resources, principal operational arms, called "administrations," will be established to oversee broad program areas. The heads of these units, to be known as "administrators," will have significant responsibilities and authorities delegated to them from the Secretary and Deputy Secretary.

The staffs of each of the administrators will be sufficient to perform such functions as policy planning, program evaluation, operational planning and control, budget preparation, financial management, and administration and management.

The programs and activities that would be transferred to the Department of Human Resources would be grouped as follows:

Income Security Administration.—A number of programs within the proposed Department of Human Resources have the goal of providing basic resource support to eligible individuals and families. This eligibility is the result of either a personal economic contribution to the system ("social insurance") or of a disadvantage. Such programs would be grouped together under the Administration for Income Security. The purposes and functions performed by this organization are related and the target groups are similar. For example, all the programs include an eligibility determination requirement. They are also all involved in checkwriting, extensive data processing, and sophisticated recordkeeping activities. The proposed grouping provides the opportunity for significant operating efficiencies.

Many of the programs under the Income Security Administration have similar target groups. The blind, aged, and permanently disabled receiving aid under the adult categories assistance payments programs are also people who receive social security benefits. The collocation of these programs will provide the framework for efficiently reaching similar target groups. It will lead to development of an optimum field structure for fulfilling the missions of the various income security programs.

Perhaps most importantly, the Income Security Administration will provide an explicit organizational focus for the emerging income strategy of the Federal Government. The agency would be charged with identifying inconsistencies, overlaps, and deficiencies in income security programs that have evolved over decades of unconscious development. It will also be responsible for rationalizing its programs more closely with in-kind benefits.

The distribution of functions under the Income Security Administration will be as follows:

- Social insurance includes the functions of the Social Security Administration of HEW; the Railroad Retirement Board; and unemployment insurance from Labor.
- Assistance benefits includes the functions of AFDC of HEW and family assistance when passed; the family food programs of Agriculture, including food stamps and commodity distribution.
- Health benefits includes the functions of Medicaid, and family health insurance when passed.

Health Administration.—Health activities including research, manpower, protection, and services will be consolidated under the Administrator for Health. He will have the principal responsibility for articulating national health goals and implementing a national health strategy.

The Administrator will be in a position to make policy and priority setting decisions. For example: How should resources be split between health research and health services delivery? How can we develop a system which focuses on preventive as well as curative medicine? Do we need more physicians, or a more efficient use of the doctors we now have, through increased use of paraprofessionals and sophisticated technology? The Administrator will insure that the delivery of educational and social services is linked with the delivery of medical services so that the problems of individuals are approached as an integrated whole, and not in piecemeal fashion.

The distribution of functions under the Health Administration will be as follows:

- Health research includes the functions of the National Institutes of Health of HEW.
- Health services includes the functions of the Health Services and Mental Health Administration of HEW and the health programs of OEO.
- Health protection includes the functions of the Food and Drug Administration of HEW; the meat, poultry, egg and egg product inspection services of Agriculture; human nutrition and home economics research of Agriculture; and the fabrics and related consumer protection services of Commerce.

Human Development Administration.—Human development programs are those affecting education, social services, and manpower training. As Federal concerns in education have expanded beyond education "in school," and as social services are separated from welfare payments, the concept of human development takes on new meaning.

An example of the tie between these two areas lies in the community school concept. It is increasingly being recognized that education can be broadened to involve the entire community in developmental activities centered around the school. This could include programs for the aged, youth, and day care for both school-age and preschool children.

A second example of the interrelationships among human development programs is Head Start, a federally supported, preschool program enrolling 263,000 3-, 4-, and 5-year-olds. This program is closely linked with both education and social services. Many Head Start projects are located in schools. The program will be administered at the national level as part of the Social Services unit in the Human Development Administration. Having the same Administrator for both education and social services will encourage development of integrated and coordinated systems for dealing with similar target groups.

A third illustration is the strong tie which must exist between the counseling and placement services of manpower programs and both education and social services. In one sense manpower deals with

the failures of the educational system. Manpower contracts with local agencies for some of its training programs. Having the two reporting to the same Administrator will encourage a realistic educational focus on the job-oriented training needs of the country, as well as strengthen the training elements of manpower programs.

The distribution of functions under the Human Development Administration will be as follows:

- Education would include the functions of the Office of Education (less community library construction) of HEW; the school lunch, school breakfast, and other child food assistance programs of Agriculture; the college housing program of HUD; the National Institute of Education (legislation pending); the National Foundation of Higher Education (legislation pending); and the Follow Through program of OEO, administered by HEW.
- Manpower would include the functions of the Manpower Administration of Labor (less unemployment insurance) and the Women's Bureau of Labor.
- Social services would include the functions of the Social and Rehabilitation Service (less the Medical Services Administration and the Assistance Payments Administration) of HEW, the Office of Child Development of HEW, and the President's Committee on Employment of the Handicapped.

D. BUDGET, ADMINISTRATIVE, AND TECHNICAL PROVISIONS

1. BUDGET AND MANPOWER

The programs to be included in the Department of Human Resources total \$87.7 billion in outlays for fiscal year 1972 and employ more than 119,000 permanent employees. Included in the spending total is \$57.3 billion in outlays for social security, railroad retirement, and unemployment insurance trust funds.

As contained in the President's 1973 budget the fiscal year 1972 budget outlays and employment would be distributed as follows:

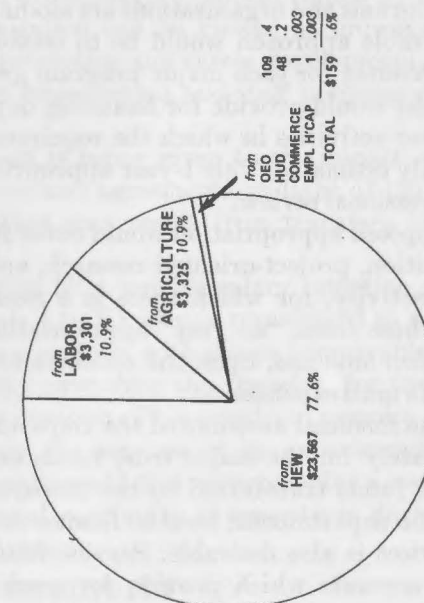
	Full-time permanent employment	Outlays (millions)
Income Security.....	55,278	\$73,707
Health	48,474	3,945
Human Development.....	10,230	9,948
Departmental Management.....	5,598	76
Total, DHR.....	119,580	\$87,676

The Proposed Department of Human Resources

BUDGET OUTLAYS

of
Programs to be Transferred
(In Millions)

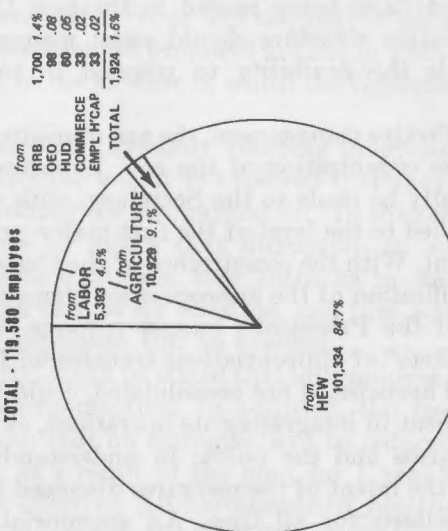
TOTAL - \$30.352 Billion*



EMPLOYMENT

of
Programs to be Transferred
(Full-time, Permanent)

TOTAL - 119,580 Employees



* Total excludes \$57.3 billion in Social Security, RRB, and Unemployment Benefits Trust Funds
ALL DATA - FISCAL YEAR 1972

2. APPROPRIATION STRUCTURE

The new Department of Human Resources will require a new appropriation structure, merging and consolidating the accounts now in use for the activities being moved to the new Department. The revised appropriation structure should assist management effectiveness and provide the flexibility to respond to rapidly changing conditions.

To facilitate effective management, the appropriation structure must correspond to the organization of the new Department. Appropriations will generally be made to the Secretary, with some appropriation items identified to the level of the first major program grouping of the Department. With the concurrence of the Congress, this should result in a simplification of the appropriation structure and facilitate budget review of the President's budget requests. The existence of many small "pockets" of appropriations transferred from the existing departments and agencies, if not consolidated, could be a handicap to the new Department in integrating its operations, as well as a handicap to the Congress and the public in understanding the Federal budget. It is not the intent of the measures discussed here to freeze an appropriation pattern for all time. An appropriation structure is subject to change by Congress from year to year, and indeed should be changed as programs and organizations are modified.

A highly desirable approach would be to establish two principal appropriation accounts for each major program grouping of the Department. The first would provide for financing day-to-day operating expenses and other activities in which the requirements for a specific year can be readily estimated. This 1-year appropriation would facilitate annual congressional review.

The second proposed appropriation would cover funds for construction, land acquisition, project-oriented research, and certain types of loan and grant activity, for which there is a need for longer term availability. In these cases, "no year" appropriations would be proposed; that is, such amounts, upon the concurrence of the Congress, would be available until expended.

In addition, the financial accounts of the Department will continue to provide separately for the major trust funds and for the various public enterprise funds transferred to the Department. A working capital fund at the departmental level to finance departmentwide administrative services is also desirable. Service funds could be established to merge accounts which provide for services performed for others at a charge approximating cost, or which continue earmarking now required by law in connection with programs of the Department.

3. SAFEGUARDS FOR FEDERAL PERSONNEL

The proposed governmental reorganization will directly involve seven of the present Cabinet Departments and several independent agencies. Programs and services will be grouped according to similarity of purpose. The changes proposed are not in what the Government does, but, rather, in the manner in which the Government's business is conducted.

These changes, while primarily affecting programs, also will affect each Federal employee and it is expected that they will participate fully in accomplishing the reorganization. To that end, current plans include provisions to insure that disruption to employees will be kept to an absolute minimum, that cutbacks in staffs, where necessary, will be taken care of by attrition, and that actions which could adversely affect employees will be avoided.

More specifically, it can be stated that no employee will be separated because of the reorganization. In addition, the reorganization bills include a provision that no employee will be reduced in classification or compensation as a result of the plan for 1 year after the reorganization becomes effective. All movements of functions and jobs will be governed by current law and Civil Service Commission regulations, with full employee protection and appeal rights. From another standpoint, the reorganization can be viewed as improving the range of opportunities for promotion and career development, as more broadly conceived program management and staff positions evolve in the new Departments.

Full consideration is being given to the impact of reorganization on union recognition and agreements, in light of the possible changes in unit structure that may result from transfers, realignments, and combinations.

The reorganization bills provide salary retention for an Executive Level Officer (levels I to V) who is transferred to a new department and is assigned to a position with duties comparable to those he performed immediately preceding the transfer, for the duration of his service in the new position. This provision permits the proposed departments to retain the services of its experienced executives, who might seek other positions if they were to suffer a loss in pay, and thus provides for essential continuity of operations during the formative phases of the Department.

4. PROGRAM CONTINUITY

In forming the new Department, consideration has been given to existing organizational units and to individuals presently employed in those units. As the new Department takes form, care will be taken to preserve program continuity and to assure effectiveness in meeting

current needs. Savings clauses and hiring policies based on attrition will preserve the rights of those presently employed.

Initially most of the existing program units will remain intact, although they will be administered differently. Manpower programs will be linked with education and social service programs under a single Administrator; however, social service programs may be grouped differently from current groupings in the Department of Health, Education, and Welfare. Additional changes will be made as benefits of the new organization become apparent. New policy and planning machinery will permit an orderly transition to the new departmental missions, and will insure minimum disruption of departmental programs.

SUMMARY OF REVISIONS

Analysis of Differences Between This Department of Human Resources Bill and the Comparable Bill Submitted on March 25, 1971

This bill is identical with the earlier bill except as noted herein—

1. Section 301(b) (2) has been revised by deleting the words "and human resources." This, plus a companion change in section 301 (e) (2) of the Department of Community Development bill, will result in the transfer of the entire Economic Development Division of the Economic Research Service of the Department of Agriculture to the Department of Community Development. Under the original bills the Human Resources Branch of that Division would have been transferred to the Department of Human Resources. Inasmuch as enactment of the Department of Community Development bill is expected to occur prior to the enactment of the Department of Human Resources bill, a sequencing problem would be created with respect to the 22-man Human Resources Branch if it is retained in the Department of Agriculture after the Department of Community Development comes into existence. The Branch's research effort is related to other rural community development programs in the Department of Community Development but it is not related to activities that would remain in the Department of Agriculture. (The Branch will be transferred to DHR when that Department is established.)

2. Section 301(c) (1) has been revised so as to exclude the functions under section 712 of the Public Works and Economic Development Act of 1965 from the functions that would be transferred from the Secretary of Labor to the Secretary of Human Resources. The functions under section 712 relate to the Davis-Bacon Act. Since the Department of Economic Affairs will be assigned the basic responsibility for Davis-Bacon Act functions, the functions under section 712 should also be assigned to that Department rather than the Department of Human Resources. This is a technical amendment. Other changes are simply perfecting in nature and include reference to superseding Executive orders and to relevant Executive orders and statutes issued or enacted subsequent to the submission of the DHR bill to the Congress on March 25, 1971.

3. Section 301(c)(1) has also been amended so as to add functions under part C of title IV of the Federal Coal Mine Health and Safety Act of 1969 to the functions that are transferred from the Secretary of Labor to the Secretary of Human Resources. These functions deal with black lung disease and belong in the Department of Human Resources. They were inadvertently omitted from the functions so transferred in the original bill. Consequently, this is, in effect, a technical amendment.

4. Section 411, relating to the acquisition of special purpose facilities, has been rewritten to clarify its purpose and to assure the preservation of the present role of the General Services Administration with respect to the acquisition of other facilities. This is considered to be a purely technical revision of this section.

5. Section 413 has been slightly revised but the changes are purely technical and self-explanatory.

6. Former section 417, relating to printing, has been omitted in response to congressional preference to maintain the *status quo* with respect to printing authority.

7. Section 426, relating to no-year appropriations, has been deleted in view of Congressional preference to deal with this matter in other legislation.

A BILL

To promote more effective management of the Executive Branch by reorganizing and consolidating certain related functions of the Government in a new Department of Human Resources, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress Assembled, That this Act may be cited as the "Department of Human Resources Act."

TITLE I

Declaration of Purpose

SECTION 101. (a) (1) The Congress hereby declares that the general welfare of the Nation requires the continuing effort by the Federal Government to promote personal and family well-being of all its citizens.

(2) The Congress further declares that the Federal Government shares with States and localities, public and private institutions, and individuals the responsibility (i) for developing the means by which individuals can effectively meet their own needs, develop their potential, and lead fruitful and dignified lives and (ii) for improving the environment in which society as a whole can meet those basic needs which individuals and families are unable to attain without assistance.

(b) To best achieve these objectives and to assure the responsible development and administration of coordinated human resources programs responsive to the needs of the people, the Congress finds that it is necessary in the public interest to establish a Department of Human Resources and to bring together in this Department those activities of the Federal Government which bear most directly on individual fulfillment and family well-being.

(c) Among other things, it shall be the function of the Department of Human Resources, directly and in cooperation with State and local governments and other agencies to assist in enhancing intellectual growth and development; maintaining and improving physical and mental health; improving skills and extending opportunities for full participation in the Nation's labor force; protecting the quality, purity, and safety of foods, medicines, and other consumer products; assuring basic income security for those withdrawn from the work force, their

survivors, and dependents, and for those unable to provide for themselves; providing basic social services to individuals and families unable to meet basic needs for themselves; conducting research and studies to appraise the needs of the people in the areas enumerated herein and developing better techniques for dealing with such needs; and providing especially for those who have not been able to compete in, or participate fully as useful citizens in, a free society.

TITLE II

Establishment of Department

SECTION 201. There is hereby established at the seat of Government an executive department to be known as the Department of Human Resources (hereinafter in this Act referred to as the "Department"). There shall be at the head of the Department a Secretary of Human Resources (hereinafter in this Act referred to as the "Secretary"), who shall be appointed by the President by and with the advice and consent of the Senate. The Secretary shall receive compensation at the rate now or hereafter prescribed for offices and positions at Level I of the Executive Schedule (5 U.S.C. 5312). The Department shall be administered under the supervision and direction of the Secretary, who shall be responsible for the efficient and coordinated management of the Department.

SEC. 202. (a) There shall be in the Department a Deputy Secretary who shall be appointed by the President by and with the advice and consent of the Senate and who shall receive compensation at the rate now or hereafter prescribed for offices and positions at Level II of the Executive Schedule (5 U.S.C. 5313).

(b) There shall be in the Department two Under Secretaries who shall be appointed by the President by and with the advice and consent of the Senate and who shall receive compensation at the rate now or hereafter prescribed for offices and positions at Level III of the Executive Schedule (5 U.S.C. 5314).

(c) There shall be in the Department a Health Administration, at the head of which shall be an Administrator of Health, a Human Development Administration, at the head of which shall be an Administrator of Human Development, and an Income Security Administration, at the head of which shall be an Administrator of Income Security. Each such Administrator shall be appointed by the President by and with the advice and consent of the Senate and shall receive compensation at the rate now or hereafter prescribed for offices and positions at Level III of the Executive Schedule (5 U.S.C. 5314).

(d) There shall be in the Department four Assistant Secretaries and a General Counsel who shall be appointed by the President by and with the advice and consent of the Senate and who shall receive compensation at the rate now or hereafter prescribed for offices and positions at Level IV of the Executive Schedule (5 U.S.C. 5315).

(e) There shall be in the Department not more than forty-one additional officers appointed by the Secretary who shall receive compensation at the rate now or hereafter prescribed for offices and positions at Level IV or Level V of the Executive Schedule (5 U.S.C. 5315 or 5316), as the Secretary may specify.

(f) Officers appointed pursuant to this section shall perform such functions as the Secretary shall specify from time to time.

SEC. 203. The Deputy Secretary (or in the absence or disability of the Deputy Secretary or in the event of a vacancy in the Office of the Deputy Secretary, an Under Secretary, Administrator, or Assistant Secretary or the General Counsel, determined according to such order as the Secretary shall prescribe), shall act for and perform the functions of the Secretary during any absence or disability of the Secretary or during a vacancy in the Office of the Secretary.

TITLE III

Transfers

SECTION 301. (a) Except as this title may otherwise provide, there are hereby transferred to and vested in the Secretary all of the functions of the Secretary of Health, Education, and Welfare, the Department of Health, Education, and Welfare, or any officer or component of that Department.

(b) Except as this title may otherwise provide, there are hereby transferred to and vested in the Secretary—

(1) all of the functions of the Secretary of Agriculture, the Department of Agriculture, or any officer or component of that Department under—

The Food Stamp Act of 1964 (7 U.S.C. 2011-2025);

The National School Lunch Act (42 U.S.C. 1751-1762), except that the authority to designate certain foods as being in abundance referred to in sections 9 and 13 of such act (42 U.S.C. 1758 and 1761) shall not be transferred by this Act;

The Child Nutrition Act of 1966 (42 U.S.C. 1771-1785), except that the authority to designate certain foods as being in abundance referred to in section 8 of such Act (42 U.S.C. 1777) shall not be transferred by this Act;

The Federal Meat Inspection Act (21 U.S.C. 601-691);
 The Poultry Products Inspection Act (21 U.S.C. 451-470);
 The Egg Products Inspection Act (P.L. 91-597, 84 Stat. 1620);
 and

Section 238 of the Disaster Relief Act of 1970 (P.L. 91-606, 84 Stat. 1755); and

(2) the function of conducting research in consumer and food economics, ~~and human resources, and human nutrition~~ under section 1 of the Act of June 29, 1935 (7 U.S.C. 427) and sections 202 and 203 of the Agricultural Marketing Act of 1946 (7 U.S.C. 1621 and 1622); and

(3) all functions relating to the distribution and donation for use by needy persons, in school lunch programs and other eligible domestic outlets, of food commodities made available for such purposes under—

Section 32(2) of the Act of August 24, 1935 (7 U.S.C. 612c);

The Act of June 28, 1937 (15 U.S.C. 713c);

Section 416(3) of the Agricultural Act of 1949 (7 U.S.C. 1431);

Section 204(c) of the Agricultural Act of 1954 (7 U.S.C. 1446c);

Section 709 of the Food and Agricultural Act of 1965 (7 U.S.C. 1446a-1);

Section 210 of the Agricultural Act of 1956 (7 U.S.C. 1859) as it relates to donations to State correctional institutions for minors; and

Section 9 of the Act of September 6, 1958 (7 U.S.C. 1431b).

(c) Except as this title may otherwise provide, there are hereby transferred to and vested in the Secretary—

(1) all of the functions of the Secretary of Labor, the Department of Labor, or any officer or component of that Department under—

The Wagner-Peyser Act of 1933 (29 U.S.C. 49 et seq.);

Title III of the Social Security Act (42 U.S.C. 501-503);

Part C of title IV of such Act (42 U.S.C. 630-644);

Section 702 of such Act (42 U.S.C. 902);

Sections 901(e)(4), 902(a)(2), 903(a)(2)(A), 903(b)(1), 905(a), 905(b)(2), 905(c)(2)(A), 906-908, and 1201-1203 of such Act (42 U.S.C. 1101(e)(4), 1102(a)(2), 1103(a)(2)(A), 1103(b)(1), 1105(a), 1105(b)(2), 1105(c)(2)(A), 1106-1108, and 1321-1323);

Title XV of such Act (5 U.S.C. 8501-25);

The Federal Unemployment Tax Act (26 U.S.C. 3301-3311);

Title IV of the Servicemen's Readjustment Act (38 U.S.C. 2001 et seq.);

Exec. Order No. 10366 (3 C.F.R. 881 (Supp. 1952));

The Farm Labor Contractor Registration Act of 1963 (7 U.S.C. 2041-2053);

The Exemplary Rehabilitation Act (29 U.S.C. 601-607);

The Immigration and Nationality Act (8 U.S.C. 1101 et seq.);

The Manpower Development and Training Act of 1962 (42 U.S.C. 2571 et seq.);

Sections 302(a)(3) and 302(b)(2) of Trade Expansion Act of 1962 (19 U.S.C. 1902(a)(3) and 1902(b)(2));

Chapter 3 of title III to such Act (19 U.S.C. 1931 et seq.);

Exec. Order No. 11075 (3 C.F.R. 692 (Supp. 1963));

The Public Works and Economic Development Act of 1965 (42 U.S.C. 3121 et seq.) *except section 712 thereof*;

The Automotive Products Trade Act of 1965 (19 U.S.C. 1202, 2001, 2011-2015, 2021-2024, and 2033);

The National Apprenticeship Act of 1937 (29 U.S.C. 50a-e);

The District of Columbia Voluntary Apprenticeship Act (36 D.C. Code 121 ~~122 et seq.~~);

Section 505 of the Economic Opportunity Act of 1964 (42 U.S.C. 2925);

The Vocational Education Act of 1963 (20 U.S.C. 1241 et seq.);

Part 10 of Exec. Order No. ~~11000 (3 C.F.R. 552 (Supp. 1962))~~ 11490 (3 C.F.R. 150 (Supp. 1969));

The Vocational Rehabilitation Act (29 U.S.C. 31-42, 49b, and 49g);

Exec. Order No. 10582 (3 C.F.R. 230 (Supp. 1954));

Exec. Order No. 10651 (3 C.F.R. 297 (Supp. 1956));

Exec. Order No. 11422 (42 U.S.C. 2979 note, 3 C.F.R. 128 (Supp. 1967));

Part C of title IV of the Federal Coal Mine Health and Safety Act of 1969 (30 U.S.C. 931-936);

The Federal Employees Compensation Act (5 U.S.C. 8101 et seq.);

The Act of March 4, 1913, insofar as it relates to jurisdiction over the Bureau of Employees' Compensation, the Women's Bureau, and the Employees' Compensation Appeals Board (29 U.S.C. 557), except that the Federal Employees' Programs of the Bureau of Employees' Compensation are hereby transferred to the Civil Service Commission; and there are also transferred to the Civil Service Commission all the functions of the Secretary of Labor, the Department of Labor, or any officers or components of that Department relating to safety programs involving civilian employees of the Federal Government (5 U.S.C. 7902(b)) and with respect to the ~~Federal Safety Council (Exec. Order No. 10000 (3 C.F.R. 137 (Supp. 1962)))~~ Federal Advisory Council on

Occupational Safety and Health (11612 (36 FR 13891));

Exec. Order No. 11598 (36 FR 11711);

Emergency Unemployment Compensation Act of 1971 (85 Stat. 811); and

Emergency Employment Act of 1971 (85 Stat. 146).

(d) Except as this title may otherwise provide, there are hereby transferred to and vested in the Secretary all the functions of the Secretary of Commerce, the Department of Commerce, or any officer or component of that Department under—

Section 3 of the Act of August 2, 1956 (15 U.S.C. 1213); and

Sections 4, 14, and 17 of the Flammable Fabrics Act (15 U.S.C. 1193, 1201, and 1204).

(e) Except as this title may otherwise provide, there are hereby transferred to and vested in the Secretary all the functions of the Secretary of Housing and Urban Development, the Department of Housing and Urban Development, or any officer or component of that Department under title IV of the Housing Act of 1950 (12 U.S.C. 1749 et seq.).

(f) Except as this title may otherwise provide, there are hereby transferred to and vested in the Secretary all of the functions of the Director of the Office of Economic Opportunity or any officer or component of that Office under—

Parts A, B, and E of title I of the Economic Opportunity Act of 1964 (42 U.S.C. 2711-2749 and 2769-2769f);

Title II of such Act (except section 232 thereof) insofar as it pertains to programs authorized under subsection (1), (2), (5), (6), (8), and (9) of section 222(a) of such Act (42 U.S.C. 2809 (a) (1), (2), (5), (6), (8), and (9)); and

Part B of title III of such Act (42 U.S.C. 2861-2864).

(g) Except as this title may otherwise provide, there are hereby transferred to and vested in the Secretary all of the functions of the Railroad Retirement Board established by section 1 of the Railroad Retirement Act of 1937 (45 U.S.C. 228j) and of any member or component of such Board. The judicial and quasi-judicial functions transferred to the Secretary by this subsection shall be performed through the Railroad Retirement Board which shall operate under the administrative supervision of such administrator as the Secretary may deem appropriate.

(h) Except as this title may otherwise provide, there are hereby transferred to and vested in the Secretary all the functions of the President's Committee on Employment of the Handicapped established by Exec. Order No. 10640 (3 C.F.R. 272 (Supp 1955)).

(i) The transfer of functions to the Secretary by this Act does not include the functions of the Commissioner of Education under title II of the Library Services and Construction Act (78 Stat. 13; 20 U.S.C.

355a-355d); or the National Institute of Occupational Health and Safety, and the functions of the Secretary of Health, Education, and Welfare with respect thereto under the Occupational Safety and Health Act of 1970 (Public Law 91-596).

(j) Functions vested by subchapter II of chapter 5 of title 5 of the United States Code in hearing examiners employed by any department, agency, or component thereof, the functions of which are transferred under the provisions of this Act, shall be vested in hearing examiners of the Department.

SEC. 302. In any case in which the head of a department or agency is required to consult or obtain the approval of the head of another department or agency as a condition to his performance of a function and the functions of both with respect to the matter involved have been transferred to the Secretary, or any other official, the requirement for such consultation or approval is hereby terminated.

SEC. 303. The Federal Old Age and Survivors Insurance Trust Fund created by section 201(a) of the Social Security Act (42 U.S.C. 401(a)), the Federal Disability Insurance Trust Fund created by section 201(b) of such Act (42 U.S.C. 401(b)), the Federal Hospital Insurance Trust Fund created by section 1817(a) of such Act (42 U.S.C. 1335i), the Federal Supplementary Medical Insurance Trust Fund created by section 1841(a) of such Act (42 U.S.C. 1395t), and the Unemployment Trust Fund created by section 904(a) of such Act (42 U.S.C. 1104) shall be retained in the Treasury, but the functions of the Secretary of Health, Education, and Welfare, the Secretary of Labor, or any officer or component or the Department of Health, Education, and Welfare or the Department of Labor with respect to such trust funds are transferred to the Secretary. The President shall designate an additional member for the board of trustees of each trust fund. The Secretary shall designate a secretary for each such board of trustees.

SEC. 304. The commissioned Regular Corps and Reserve Corps established by section 203 of the Public Health Service Act (42 U.S.C. 204) are transferred to the Department. No commissioned officer of the Regular or Reserve Corps shall have his grade, rank, or title altered solely because of the transfer of such Corps pursuant to this section.

SEC. 305. Except as provided in the next sentence, the personnel employed in connection with, and the personnel positions, assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds employed, held, used, arising from, available to or to be made available in connection with the functions transferred to the Secretary by this Act are, subject to section 202 of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 581c), transferred to the Secretary for appropriate

allocation. Personnel positions expressly created by statute or Reorganization Plan, personnel occupying those positions on the effective date of this Act, and personnel authorized to receive compensation at the rate prescribed for officers and positions at Level I, II, III, IV, or V of the Executive Schedule (5 U.S.C. 5312-5316) on the effective date of the Act shall be subject to the provisions of sections 307 and 501 of this Act.

SEC. 306. Except as provided in section 307, transfer of nontemporary personnel pursuant to this title shall not cause any such employee to be separated or reduced in grade or compensation for one year after such transfer.

SEC. 307. Any person who, on the effective date of this Act, held a position compensated in accordance with the Executive Schedule prescribed in chapter 53 of title 5 of the United States Code, and who, without a break in service, is appointed in the Department to a position having duties comparable to those performed immediately preceding his appointment shall continue to be compensated for the duration of his service in the new position at not less than the rate provided for his previous position.

TITLE IV

Definitions and Administrative Provisions

SEC. 401. (a) As used in this Act, (1) references to "function" or "functions" shall be deemed to include references to duty, obligation, power, authority, responsibility, right, privilege, and activity, or the plural thereof, as the case may be; and (2) references to "perform" or "performance", when used in relation to functions, shall be deemed to include the exercise of power, authority, rights, and privileges.

(b) Any reference in this Act to any provision of law shall be deemed to include, as appropriate, references thereto as now or hereafter amended or supplemented.

SEC. 402. (a) The Secretary is authorized to prescribe such policies, standards, criteria, procedures, rules, and regulations as he may deem to be necessary or appropriate to perform functions now or hereafter vested in him.

(b) The Secretary shall engage in such policy planning and perform such program evaluation analyses and other studies as may be necessary to promote the efficient and coordinated administration of the Department and properly assess progress toward the achievement of its missions.

SEC. 403. (a) The Secretary may delegate any of his functions to such officers and employees of the Department as he may designate, and

may authorize such successive redelegations of such functions as he may deem to be necessary or appropriate.

(b) The Secretary may, from time to time, establish, alter, rename, or discontinue such organizational units or components within the Department as he may deem to be necessary or appropriate, but such authority shall not extend to the discontinuance of any administration expressly established within the Department by this Act, to the Regular or Reserve Corps of the Public Health Service expressly transferred to the Department by this Act, or to any other organizational unit or component expressly established within or transferred to the Department by subsequent Acts or Reorganization Plans.

SEC. 404. The Secretary is authorized to establish, alter, or discontinue and to maintain such State, regional, district, local, or other field offices as he may deem to be necessary or appropriate to perform functions now or hereafter vested in him.

SEC. 405. The Secretary is authorized, subject to the civil service and classification laws, to select, appoint, employ, and fix the compensation of such officers and employees, including attorneys, as are necessary to perform the functions now or hereafter vested in him and to prescribe their functions.

SEC. 406. The Secretary may obtain services as authorized by section 3109 of title 5 of the United States Code, at rates not to exceed the rate prescribed for grade GS-18 of the General Schedule by section 5332 of title 5 of the United States Code.

SEC. 407. The Secretary is authorized to appoint, without regard to the civil service laws, such advisory committees as he may deem appropriate for the purpose of consultation with and advice to the Secretary in the performance of his functions. Members of any such committee, other than those regularly employed by the Federal Government, while attending meetings of such committee, or while otherwise serving at the request of the Secretary, may be paid compensation at rates not exceeding those authorized for individuals under section 5332 of title 5 of the United States Code and, while so serving away from their homes or regular places of business, may be allowed travel expenses, including per diem, as authorized by section 5703 of title 5 of the United States Code for persons in the Government service employed intermittently.

SEC. 408. (a) Notwithstanding any other provision of law, a member of the Coast Guard, the Commissioned Officer Corps of the National Oceanic and Atmospheric Administration, or the Regular Reserve Corps of the Public Health Service may be appointed, detailed, or assigned to any position in the Department other than a position the occupant of which must be approved by and with the advice and consent of the Senate.

(b) The Secretary is authorized to provide for participation of military personnel in the performance of his functions. Members of the Army, the Navy, the Air Force, or the Marine Corps may be detailed for service in the Department by the appropriate Secretary, pursuant to cooperative agreements with the Secretary.

(c) Appointment, detail, or assignment to, acceptance of, and service in any appointive or other position in the Department under this section shall in no way affect status, office, rank, or grade which officers or enlisted men may occupy or hold or any emolument, perquisite, right, privilege or benefit incident to or arising out of any such status, office, rank, or grade, nor shall any member so appointed, detailed, or assigned be charged against any statutory limitation on strengths applicable to the Armed Forces. A member so appointed, detailed, or assigned shall not be subject to direction or control by his armed force or any officer thereof directly or indirectly with respect to the responsibilities exercised in the position to which appointed, detailed, or assigned.

SEC. 409. The Secretary is authorized to pay transportation expenses, and per diem in lieu of subsistence expenses, in accordance with chapter 57 of title 5 of the United States Code for travel between places of recruitment and duty, and while at places of duty, of persons appointed for temporary or seasonal services in the field service of the Department.

SEC. 410. The Secretary is authorized to enter into such contracts and agreements, including grant agreements, with public agencies and private organizations and persons; make such payments (in lump sum or installments, and in advance or by way of reimbursement, and with necessary adjustments on account of overpayments and underpayments); and generally take such steps as he may deem to be necessary or appropriate to perform functions now or hereafter vested in him.

SEC. 411. The Secretary is authorized to acquire (by purchase, lease, condemnation, or otherwise), construct, improve, repair, operate, and maintain facilities and real property. However, such authority shall apply only to facilities required for the maintenance and operation of laboratories, research or testing sites and facilities, quarters and related accommodations for employees and dependents of employees of the Department, and such other special purpose real property as the Secretary deems to be necessary in and outside the District of Columbia. The Secretary may, through the Administrator of General Services, acquire, by purchase, lease, condemnation, or otherwise, general purpose office or warehouse buildings or parts of buildings in and outside the District of Columbia for the use of the Department.

Title to any property or interest therein, real, personal, or mixed, acquired pursuant to this section shall be in the United States.

SEC. 411. Except for public buildings as defined in the Public Buildings Act of 1959, as amended, and with respect to leased space subject to the provisions of Reorganization Plan No. 18 of 1950, the Secretary is authorized to acquire (by purchase, lease, condemnation, or otherwise), construct, improve, repair, operate, and maintain facilities and real property as the Secretary deems to be necessary in and outside of the District of Columbia. Such authority shall apply only to facilities required for the maintenance and operation of laboratories, research, and testing sites and facilities, quarters, and related accommodations for employees and dependents of employees of the Department, and such other special purpose real property as the Secretary deems to be necessary in and outside the District of Columbia. Title to any property or interest therein, real, personal, or mixed, acquired pursuant to this section, shall be in the United States.

SEC. 412. (a) The Secretary is authorized to provide, construct, or maintain, as necessary and when not otherwise available, the following for employees and their dependents stationed at remote locations:

- (1) emergency medical services and supplies;
- (2) food and other subsistence supplies;
- (3) dining facilities;
- (4) audio-visual equipment, accessories, and supplies for recreation and training;
- (5) reimbursement for food, clothing, medicine, and other supplies furnished by such employees in emergencies for the temporary relief of distressed persons;
- (6) living and working quarters and facilities; and
- (7) transportation for school-age dependents of employees to the nearest appropriate educational facilities.

(b) The furnishing of medical treatment under paragraph (1) of subsection (a) and the furnishing of services and supplies under paragraphs (2) and (3) of subsection (a) shall be at prices reflecting reasonable value as determined by the Secretary.

(c) Proceeds from reimbursements under this section shall be deposited in the Treasury and may be withdrawn by the Secretary to pay the cost of such work or services, to repay or make advances to appropriations of funds which do or will bear all or a part of such cost, or to refund excess sums when necessary, except that such payments may be credited to a service or working capital fund otherwise established by law, and used under the law governing such funds, if the fund is available for use by the Department for performing the work or services for which payment is received.

SEC. 413. The Secretary, under such terms, at such rates, and for periods not exceeding thirty years, *as he deems advisable*, is authorized, under regulations prescribed by the President, to permit the use by concessionaires, including public or private agencies, corporations, associations, and other organizations and individuals, of any real property, or any facility, structure, or other improvement thereon, under the ~~jurisdiction~~ *custody and control* of the Secretary. The Secretary may require permittees under this section to recondition or maintain, to a satisfactory standard and at their own expense, the real property, facilities, structures, and improvements involved.

SEC. 414. The Secretary is authorized to acquire any of the following described rights if the property acquired thereby is for use by or for, or is useful to, the performance of functions vested in him—

- (1) copyrights, patents, and applications for patents, designs, processes, and manufacturing data;
- (2) licenses under copyrights, patents, and applications for patents; and
- (3) releases, before suit is brought for past infringement of patents or copyrights.

SEC. 415. (a) The Secretary is authorized to engage in such basic and applied research and development and disseminate technology through information programs, demonstrations, and cooperative arrangements with scientific and other public and private organizations and persons as he may deem necessary or appropriate to carry out the functions now or hereafter vested in him.

(b) Notwithstanding the provisions of any other law, a person who is not a citizen of the United States may be employed as an expert, scientist, technician, or professional person in connection with the scientific or technical activities of the Department, if the Secretary deems such employment to be in the public interest.

SEC. 416. (a) (1) The Secretary is authorized, within his own discretion or upon the request of any person or organization, public or private, to make special studies concerning matters within his jurisdiction; to prepare from the records of the Department special compilations, lists, bulletins, and reports; to furnish transcripts or copies of such studies, compilations, and other records; to provide copies of charts, maps, and photographs; and to provide services incident to the conduct of the regular work of the Department. The Secretary may, as appropriate, require payment of the actual or estimated cost of such special work.

(2) The Secretary may engage in joint projects with, or perform services for, public or nonprofit private, organizations and agencies on matters of mutual interest. The cost of such projects or services

shall be apportioned between the Department and such organization or agency on such basis as the Secretary determines to be equitable; except that the Secretary may waive payment of any portion of such costs by others when otherwise authorized to do so.

(b) All payments for work or services performed or to be performed under this section shall be deposited in the Treasury and may be withdrawn by the Secretary to pay the cost of such work or services, to repay or make advances to appropriations or funds which do or will bear all or a part of such cost, or to refund overpayments when necessary; except that such payments may be credited to a service or working capital fund otherwise established by law, and used under the law governing such funds, if the fund is available for use by the Department for performing the work or services for which payment is received.

~~SEC. 417. The Secretary, when he deems such action necessary, may make provision for the printing and distribution of reports and other documents in such number and in such manner as he deems appropriate, with respect to matters under his jurisdiction.~~

SEC. 418 417. The Secretary, is authorized to accept, hold, administer, and utilize gifts, and bequests of property, both real and personal, for the purpose of aiding or facilitating the work of the Department. Gifts and bequests of money and proceeds from sales of other property received as gifts or bequests shall be deposited in the Treasury and shall be disbursed upon the order of the Secretary. Property accepted pursuant to this section, and the proceeds thereof, shall be used as nearly as possible in accordance with the terms of the gift or bequest. For the purposes of Federal income, estate or gift taxes, property accepted under this section shall be considered as a gift or bequest to the United States.

SEC. 419 418. The Secretary shall cause a seal of office to be made for the Department of such device as he shall approve and judicial notice shall be taken of such seal.

~~SEC. 420~~ 419. The Secretary is authorized to establish a working capital fund, to be available without fiscal year limitation, for expenses necessary for the maintenance and operation of such common administrative services as he shall find to be desirable in the interests of economy and efficiency. There shall be transferred to the fund the stocks of supplies, equipment, other assets, liabilities, and unpaid obligations relating to the services which he determines will be performed through the fund. Appropriations to the fund in such amounts as may be necessary to provide additional working capital are authorized. The working capital fund shall have paid into it from the appropriation or fund for which services are performed, either in advance or by way of reimbursement, amounts which will approximate the costs

incurred, including the accrual of annual leave and the depreciation of equipment. The fund shall also be credited with receipts from the sale or exchange of, or in payment for loss or damage to, its property.

SEC. 424 420. To the extent necessary or appropriate to perform functions transferred by this Act, the Secretary may exercise, in relation to the functions so transferred, any authority or part thereof available by law, including Appropriations Acts, to the official or agency from which such functions were transferred.

SEC. 422 421. Except as may be otherwise expressly provided in this Act, all functions expressly conferred by this Act shall be in addition to and not in substitution for functions existing immediately before the effective date of this Act and transferred by this Act.

SEC. 422 422. The Secretary shall, as soon as practicable after the end of each fiscal year, make a report to the President for submission to the Congress on the activities of the Department during the preceding fiscal year. Such report shall include a statement of his goals, priorities and plans for the Department together with an assessment of the progress made toward the attainment of those objectives, the more effective and efficient management of the Department and the coordination of its functions.

SEC. 424 423. The Secretary, when authorized in an appropriations Act, may, in any fiscal year, transfer funds from one appropriation to another within the Department; except that no appropriation for any fiscal year shall be either increased or decreased pursuant to this section by more than 5 percent.

SEC. 425 424. There are hereby established service funds for, respectively, the Health Administration, the Human Development Administration, the Income Security Administration, and the Office of the Secretary. Each such fund shall be available, without fiscal year limitation, for the purpose of financing on a reimbursable basis the cost of providing services for other departments, agencies, and instrumentalities of the Government and for persons outside the Government as authorized by law. Proceeds received as reimbursement for the cost of services financed from a service fund shall be credited to that fund. Refunds may be made from a service fund whenever an advance thereto for services is subsequently determined to exceed the cost of such services.

SEC. 426. There are hereby authorized to be appropriated, without fiscal year limitation, such sums as may be provided for from time to time in appropriation Acts to carry out functions now or hereafter vested in the Secretary.

TITLE V

Transitional and Conforming Provisions

SECTION 501. Whenever all the functions of a department, agency, or other body, or any component thereof, have been transferred from that department, agency, body, or component by this Act or by this Act in combination with another Act, Presidential Reorganization Plan, Executive Order, or otherwise, that department, agency, body, or component shall lapse. Whenever a department, agency, or other body, or any component thereof lapses pursuant to the preceding sentence, each position and office therein which was expressly created by statute or Reorganization Plan or the incumbent of which was authorized to receive compensation at the rate prescribed for an officer or position at Level I, II, III, IV, or V of the Executive Schedule (5 U.S.C. 5312-5316) shall lapse.

SEC. 502. Section 101 of title 5 of the United States Code is amended by substituting "Department of Human Resources" for "Department of Health, Education, and Welfare".

SEC. 503. Section 19(d) of title 3 of the United States Code is amended by substituting "Secretary of Human Resources" for "Secretary of Health, Education, and Welfare".

SEC. 504. Section 201 of Reorganization Plan No. 2 of 1970 is amended by substituting the "Secretary of Human Resources" for the "Secretary of Health, Education, and Welfare".

SEC. 505. The Director of the Office of Management and Budget is authorized to make such additional incidental dispositions of functions, personnel, personnel positions, assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to or to be made available in connection with the functions transferred by this Act as he may deem necessary or appropriate to accomplish the intent and purposes of this Act.

TITLE VI

Savings Provisions

SECTION 601. All orders, determinations, rules, regulations, permits, contracts, certificates, licenses, and privileges—

(1) which have been issued, made, granted, or allowed to become effective by the President, any Federal department or agency or official thereof, or a court of competent jurisdiction, in the performance of functions which are transferred under this Act; and

(2) which are in effect at the time this Act takes effect; shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked by the President, the Secretary, or other authorized official, or a court of competent jurisdiction, or by operation of law.

SEC. 602. (a) The provisions of this Act shall not affect any proceedings pending at the time this section takes effect before any department or agency (or component thereof) functions of which are transferred by this Act; but such proceedings, to the extent that they relate to functions so transferred, shall be continued before the Department. Orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made pursuant to such orders, as if this Act had not been enacted; and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or revoked by the Secretary, by a court of competent jurisdiction, or by operation of law. Nothing in this subsection shall be deemed to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent as would have been applicable if this Act had not been enacted.

(b) Except as provided in subsection (d)—

(1) the provisions of this Act shall not affect suits commenced prior to the date this Act takes effect, and

(2) in all such suits proceedings shall be conducted, appeals taken, and judgments rendered, in the same manner and with the same effect as if this Act had not been enacted.

(c) No suit, action, or other proceeding commenced by or against any officer in his official capacity as an officer of any department or agency, functions of which are transferred by this Act, shall abate by reason of the enactment of this Act. No cause of action by or against any department or agency, functions of which are transferred by this Act, or by or against any officer thereof in his official capacity shall abate by reason of the enactment of this Act. Causes of actions, suits, actions, or other proceedings may be asserted by or against the United States or such official of the Department as may be appropriate and, in any litigation pending when this section takes effect, the court may at any time, on its own motion or that of any party, enter any order which will give effect to the provisions of this section.

(d) If, before the date on which this Act takes effect, any department or agency, or officer thereof in his official capacity, is a party to a suit, and under this Act any function of such department, agency, or officer is transferred to the Secretary or any other official, then such suit shall be continued as if this Act had not been enacted, but with the Secretary or other official, as the case may be, substituted for such department, agency, or officer.

(e) Final orders and actions of the Secretary or any official or component of the Department in the performance of functions transferred to the Secretary by this Act shall be subject to judicial review to the same extent and in the same manner as if such orders or actions had been made or taken by the officer, department, agency, or instrumentality in the performance of such functions immediately preceding the effective date of this Act. Any statutory requirements relating to notices, hearings, action upon the record, or administrative review that apply to any function transferred to the Secretary by this Act shall apply to the performance of those functions by the Secretary, or any officer or component of the Department.

SEC. 603. With respect to any function transferred by this Act and performed after the effective date of this Act, reference in any other law (including Reorganization Plans) to any department or agency of any officer or office the functions of which are so transferred shall be deemed to refer to the Secretary or other officials in which this Act vests such functions.

SEC. 604. Nothing contained in this Act shall be construed to limit, curtail, abolish, or terminate any function of the President which he had immediately before the effective date of this Act; or to limit, curtail, abolish, or terminate his authority to perform such function; or to limit, curtail, abolish, or terminate his authority to delegate, redelegate, or terminate any delegation of functions.

TITLE VII

Separability

SECTION 701. If any provision of this Act or the application thereof to any person or circumstance is held invalid, the remainder of this Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

TITLE VIII

Effective Date and Interim Appointments

SECTION 801. (a) The provisions of this Act shall take effect one hundred and twenty days after the Secretary first takes office or on such earlier date as the President may prescribe and publish in the *Federal Register*, except that any of the officers provided for in title II of this Act may be nominated and appointed, as provided in that

title, at any time after the date of enactment of this Act. Funds available to any department or agency (or any official or component thereof), any functions of which are transferred to the Secretary by this Act, may, with the approval of the President, be used to pay the compensation and expenses of any officer appointed pursuant to this subsection until such time as funds for that purpose are otherwise available.

(b) In the event that one or more officers required by this Act to be appointed by and with the advice and consent of the Senate has not entered upon office on the effective date of this Act, the President may designate any officer, whose appointment was required to be made by and with the advice and consent of the Senate and who was such an officer immediately prior to the effective date of this Act, to act in such office until the office is filled as provided in this Act. While so acting such persons shall receive compensation at the rates provided by this Act for the respective offices in which they act.

Department of Human Resources Act

SECTION-BY-SECTION ANALYSIS

TITLE I

Declaration of Policy

SECTION 1. Provides that this Act may be cited as the Department of Human Resources Act.

SEC. 101(a). Declares that the general welfare of the Nation requires the continuing effort by the Federal Government to promote personal and family well-being of all its citizens. The section also declares that the responsibility for developing the means by which individuals can meet their needs and develop their potential and by which society can meet its common goals is shared by the Federal Government with State and local governments, public and private institutions, and individuals.

SEC. 101(b). Declares that Congress finds it necessary to establish a Department of Human Resources in order to assure the responsible development and administration of coordinated programs to meet the Federal Government's responsibility set out in the preceding subsection. The Department would bring together those activities of the Federal Government which bear most directly on individual fulfillment and family well-being.

SEC. 101(c). Sets forth, in general terms, the functions of the Department.

TITLE II

Establishment of Department

SECTION 201. Establishes the Department of Human Resources, provides for the appointment of a Secretary of Human Resources who shall head that Department, and provides that the Secretary shall be compensated at the rate prescribed for offices and positions at Level I of the Executive Schedule.

SEC. 202(a). Provides for the appointment of a Deputy Secretary of Human Resources (Level II).

SEC. 202(b). Provides for the appointment of two Under Secretaries (Level III).

SEC. 202(c). Establishes within the Department three administrations—Health, Human Development, and Income Security—each headed by an administrator (Level III).

SEC. 202(d). Provides for the appointment of four Assistant Secretaries and a General Counsel (Level IV). Appointments for positions designated in (a) through (d) are to be made by the President by and with the advice and consent of the Senate.

SEC. 202(e). Authorizes the Secretary to appoint not more than 41 additional officers at Level IV or Level V of the Executive Schedule, as specified by the Secretary. (See section 102(c) of Reorganization Plan No. 2 of 1970 (OMB).)

SEC. 202(f). Provides that officers appointed pursuant to section 202 shall perform such functions as the Secretary may prescribe from time to time.

SEC. 203. Provides that the Deputy Secretary shall act for and perform the functions of the Secretary during the absence or disability of the Secretary or during a vacancy in the Office of the Secretary. In the event of the concurrent absence or disability of the Deputy Secretary or vacancy in the Office of the Deputy Secretary, an Under Secretary, Administrator, Assistant Secretary, or the General Counsel would be authorized to act for and perform the duties of the Secretary in accordance with such order of succession as the Secretary shall prescribe.

TITLE III

Transfers

SECTION 301(a). Transfers all the functions of the Secretary of Health, Education, and Welfare, the Department of Health, Education, and Welfare, or any officer or component of that Department to the Secretary of Human Resources unless such function is specifically excluded from the transfer by another provision of the Act. The exclusions are enumerated in section 301(i).

SEC. 301(b). Transfers to the Secretary all the functions of the Secretary of Agriculture, the Department of Agriculture, or any officer or component of that Department contained in the enumerated statutes, except the authority to declare certain foods as being in abundance. The functions included under this subsection are those now performed by the Food and Nutrition Service, those food inspection programs performed by the Animal and Plant Health Inspection Service, those research functions performed by the Agriculture Research

Service relating to consumer and food economics and human nutrition, and those functions relating to the distribution and donation of food commodities under the statutes enumerated in paragraph (3).

SEC. 301(c). Transfers to the Secretary all the functions of the Secretary of Labor, the Department of Labor, or any officer or component of that Department contained in the enumerated statutes and executive orders. The functions included under this subsection are those now performed by the Unemployment Insurance Service, Bureau of Employees Compensation (except those programs regarding Federal employees), the Employees Compensation Appeals Board, the U.S. Training and Employment Service, the Bureau of Apprenticeship and Training, the Job Corps, and the Women's Bureau. The programs under the Bureau of Employees Compensation with respect to Federal employees, as well as functions relating to safety programs involving civilian employees of the Federal government, are transferred to the Civil Service Commission by this subsection.

SEC. 301(d). Transfers to the Secretary all the functions of the Secretary of Commerce, the Department of Commerce, or any officer or component of that Department required to carry out the provisions of the Flammable Fabrics Act and the Refrigerator Door Latch Safety Program.

SEC. 301(e). Transfers to the Secretary all the functions of the Secretary of Housing and Urban Development, the Department of Housing and Urban Development, or any officer or component of that Department necessary to carry out the college housing program.

SEC. 301(f). Transfers to the Secretary all the functions of the Director of the Office of Economic Opportunity or any officer or component of that Office contained in the enumerated statutes. The functions included in this subsection are those necessary to carry out the migrant, emergency food and medical services, drug rehabilitation, health (except experimental health), nutrition, manpower training and development, Headstart and Follow-Through, and family planning, and alcoholic counselling and recovery programs.

SEC. 301(g). Transfers to the Secretary all the functions of the Railroad Retirement Board, establishes the Board in the Department and requires that the Secretary carry out the judicial and quasi-judicial functions transferred to the Secretary through the Board.

SEC. 301(h). Transfers to the Secretary all the functions of the President's Committee on Employment of the Handicapped.

SEC. 301(i). Excludes from the transfers in subsection (a) of section 301 the functions of the Commissioner of Education regarding grants for the construction of public libraries and the Secretary of Health, Education, and Welfare under the Occupational Safety and Health Act of 1970.

SEC. 301(j). Transfers functions of the hearing examiners of existing Departments to hearing examiners of the new Department.

SEC. 302. Terminates the requirement for the Secretary to consult with himself when the functions of two or more officials required to consult have all been transferred to him.

SEC. 303. Preserves existing trust funds while transferring those functions relating to their administration to the Secretary. Because of the consolidation of two board members (the Secretaries of Health, Education, and Welfare and Labor) into one, the President is authorized to appoint a third member. (The Secretary of the Treasury is the other member.) Authority to appoint a Secretary is also provided because the functions of the present Secretary are transferred to the Secretary by section 301(a).

SEC. 304. Transfers to the Department the commissioned corps of the Public Health Service and assures that no member's rank, grade, or title will be affected because of the transfer.

SEC. 305. Provides that personnel, personnel positions, assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds relating to functions transferred to the Secretary shall follow those functions and be transferred to the Secretary. Appropriations so transferred will be accounted for in accordance with the provisions of section 202 of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 581c) under which transfers of this type normally are made. To the extent that additional incidental adjustments may be needed to accomplish the intent of the Act, section 507 of the Act authorizes the Director of the Office of Management and Budget to make those adjustments. Personnel positions expressly created by statute or Reorganization Plan, personnel occupying those positions on the effective date of the Act, and personnel authorized to receive compensation at one of the rates prescribed by the Executive Schedule (5 U.S.C. 5312-5316) would be transferred to the new Department by the Act. Those personnel positions lapse. Persons under the Executive Schedule may be employed by the Department, without loss of pay, under section 307 of the Act.

SEC. 306. Provides that non-temporary personnel, other than personnel entitled to compensation under the Executive Schedule (Level I to V), shall not be separated or reduced in grade or compensation, as a result of the establishment of the new Department, for one year after being transferred to the new Department pursuant to section 305 of the Act. This provision is designed to preclude reductions in force solely as a result of the enactment of this Act for one year after the new Department becomes operational. However, this provision would not preclude the separation or reduction in grade or compen-

sation of any such personnel under the same circumstances that such adverse action could have been taken if this Act had not been enacted—for example, separation for cause or removal from a Schedule C position. (See section 9(h), DOT Act, 80 Stat. 944.)

SEC. 307. Persons entitled to compensation under the Executive Schedule (Level I to V) may, under section 307, be employed by the new Department and if that employment is without break in service and if the duties of the new position are comparable to the duties performed immediately preceding the new appointment, he will be entitled to receive compensation at a rate not less than he received in his previous position for the duration of his service in the new position. (See section 9(i), DOT Act.)

TITLE IV

Definitions and Administrative Provisions

SECTION 401(a). Defines "function", "functions", "perform" and "performance" in order to avoid repetitious references to such terms as duties, obligations, powers, authorities, responsibilities, rights, privileges, and activities, and the exercise thereof.

SEC. 401(b). Provides that references in the Act to provisions of law shall be deemed to include, as appropriate, reference thereto now and hereafter amended or supplemented. This avoids repetitious uses of "as amended" or "as supplemented." It also recognizes that statutory authorities subject to transfer under this legislation may be amended or supplemented by other legislation while this legislation is under consideration or after this legislation is enacted but before it becomes effective. This provision would avoid any issue as to whether statutory authorities transferred by this Act are transferred in their amended forms, and will obviate the need for last minute conforming adjustments in this or any other legislation during final stages of the legislative process.

SEC. 402(a). Authorizes the Secretary to prescribe such policies, standards, criteria, procedures, rules, and regulations as he may deem to be necessary or appropriate to perform functions now or hereafter vested in him. (See section 203(b)(1), NASA Act, 72 Stat. 426; OEO Act, 42 U.S.C. 2942(n); section 9(e)(1), 80 Stat. 944, DOT Act; section 7(d), 79 Stat. 667, DHUD Act.)

SEC. 402(b). Requires the Secretary to evaluate programs and plan policy.

SEC. 403(a). Authorizes the Secretary to delegate any of his functions to such officers and employees of the Department as he may designate and to authorize successive redelegations of those functions.

(See section 7(d) of DHUD Act, 79 Stat. 667; section 9(e) of DOT Act, 80 Stat. 944.)

SEC. 403(b). Authorizes the Secretary to modify the internal organization of the Department by creating, altering, renaming, and discontinuing such organizational units and components as he may, from time to time, deem necessary or appropriate to the performance of any of his functions. However, the Secretary would not be authorized to abolish the administrations created by section 202(c) of the Act, the Regular or Reserve Corps expressly transferred by section 304 of the Act, or any other organizational units or components which Congress may expressly establish in, or transfer to, the Department by subsequent Reorganization Plan. (This authority is quite similar to that now applicable with respect to the Department of Housing and Urban Development and the Department of Justice.) (See also section 203(b)(8), NASA Act, 72 Stat. 430.)

SEC. 404. Authorizes the Secretary to establish, alter, or discontinue and to maintain such State, regional, district, local, or other field offices as he may deem necessary or appropriate to the performance of his functions. This will permit the Secretary to design and establish the best field office system he can devise to assure effective, expeditious, and responsive implementation of the Department's programs. It would also permit him to alter or discontinue that system and establish another system if experience or changed conditions indicate the advisability of such a change.

SEC. 405. It is a standard provision authorizing the Secretary, subject to the civil service and classification laws, to select, appoint, employ, and fix the salaries of such officers and employees, including attorneys, as are necessary to the performance of his functions. (See section 7(c), DHUD Act, 79 Stat. 667.)

SEC. 406. Authorizes the Secretary to obtain the services of experts and consultants at rates not to exceed those prescribed for GS-18 of the General Schedule. (See section 7(e) of the DHUD Act, 79 Stat. 667, as amended by section 906 of the Housing and Urban Development Act of 1970, P.L. 91-609.)

SEC. 407. It is a standard provision authorizing the Secretary to appoint advisory committees to consult with and advise him with respect to the performance of his functions. (See section 7(e) of the DHUD Act, 79 Stat. 667, as amended by section 905, P.L. 91-609; section 9(o) of the DOT Act, 80 Stat. 944.)

SEC. 408(a). Authorizes the appointment, detail, or assignment of members of the Coast Guard, the commissioned officer corps of the National Oceanic and Atmospheric Administration, and the commissioned corps of the Public Health Service to any position in the Department that is not required to be filled by an officer whose appointment is required to be confirmed by the Senate.

SEC. 408(b). Permits members of the Army, Navy, Air Force, and Marine Corps to be detailed for service in the Department under agreements between the Secretary and Secretaries of the Military Departments.

SEC. 408(c). Provides that the status, office, rank, or grade of persons who are appointed, assigned, or detailed to the Department pursuant to this section shall not be adversely affected by service under this section. (See section 9(d)(1), DOT Act, 80 Stat. 944.)

SEC. 409. Authorizes payment of transportation expenses and per diem to temporary or seasonal employees from the place of their recruitment to the place of their duty and while at the place of such duty. Such expenses would be paid in accordance with chapter 57 of title 5 of the United States Code which relates to similar payments to other Government employees for official travel. (See 7 U.S.C. 2229.)

SEC. 410. Authorizes the Secretary to enter into contracts and agreements, including grant agreements, with public agencies and private organizations and persons. It authorizes payments in lump sum or by installments or in advance or by way of reimbursement. It also authorizes the Secretary to take such steps as he may deem necessary or appropriate to perform his functions. (See section 203(b)(5), NASA Act, 72 Stat. 426.)

SEC. 411. Authorizes the Secretary to acquire facilities required for the maintenance and operation of laboratories, research, and testing sites and facilities, quarters, and related accommodations for employees and their dependents and such other special purpose real property as the Secretary deems necessary. Such special purpose facilities and real property could be acquired by purchase, lease, condemnation, or otherwise. General purpose facilities and real property would continue to be acquired by the General Services Administration. The title to all property acquired pursuant to this section would be in the United States rather than in the Secretary of the Department. (See section 203(b)(3), NASA Act, 72 Stat. 426.)

SEC. 412. Authorizes the Secretary to provide, construct, or maintain, as necessary and when otherwise unavailable, certain facilities and services for employees and their dependents at remote locations. Included would be emergency medical services and supplies; food and subsistence supplies; messing facilities; audio-visual equipment, accessories, and supplies for recreation and training; living and working quarters and facilities; and transportation for school age dependents to the nearest appropriate educational facilities. Reimbursement would be required for the medical treatment and for services and supplies so furnished to employees and their dependents. Charges for these services, or any other services under this Act to private persons or organizations would be determined in accordance with uniform

policies, standards, and procedures prescribed by the Office of Management and Budget and with 31 U.S.C. 483a. (See section 9-1), DOT Act, 80 Stat. 946, and 15 U.S.C. 1514.)

SEC. 413. Authorizes the Secretary to permit concessionaires to provide services on property under the custody and control of the Secretary. Concession agreements under this section would have to be in conformity with standards prescribed in regulations issued by the President. (See 16 U.S.C. 580d.)

SEC. 414. Authorizes the Secretary to acquire copyrights and patents, interests therein and licenses thereunder, whenever such acquisitions are necessary or appropriate to the performance of his functions. (See 10 U.S.C. 2386.)

SEC. 415(a). Authorizes the Secretary to engage in basic and applied research and development and disseminate technology as he may deem necessary to carry out the functions entrusted to him. (See title V, Housing and Urban Development Act of 1970, 84 Stat. 1784; section 9(q), DOT Act, 80 Stat. 947.)

SEC. 415(b). Authorizes the employment of non-citizens in technical and scientific capacities.

SEC. 416. Authorizes the Secretary, within his own discretion or at the request of any persons, firms, organizations, or others, public or private, to make special studies concerning matters within his jurisdiction; to prepare from the records of the Department special compilations, lists, bulletins, or reports; to furnish transcripts or copies of those studies, compilations, and other records; to furnish copies of charts, maps, or photographs; and to provide services incident to the conduct of the regular work of the Department. For example, the Department may have a specialized piece of equipment, or persons with specialized knowledge, not available elsewhere and, in appropriate cases, the Secretary would be authorized to make those services available to private persons and to public and private agencies and organizations. This section also authorizes the Secretary to undertake joint projects with public and nonprofit private organizations and agencies involving matters of mutual interest and to share the costs of such projects. As noted with respect to section 412, charges to private persons and organizations under this Act would be determined in accordance with user standards, charges, policies, and procedures prescribed by the Office of Management and Budget and 31 U.S.C. 483a. (See P.L. 91-412, Department of Commerce.)

SEC. 417. Authorizes the Secretary to accept, hold, administer, and utilize gifts and bequests. (See section 905(k) of Housing and Urban Development Act of 1970, P.L. 91-609; section 9(m), DOT Act, 80 Stat. 946.)

SEC. 418. Authorizes the Secretary to prescribe a seal for the Department. (See section 7(g) of DHUD Act, 79 Stat. 667.)

SEC. 419. Authorizes the establishment of a working capital fund to defray necessary expenses arising out of the maintenance and operation of such common administrative services as the Secretary shall find to be desirable in the interest of economy and efficiency. (See section 9(j) DOT Act, 80 Stat. 945; section 7(f), DHUD Act, 79 Stat. 667, P.L. 89-174.)

SEC. 420. Is a technical provision. In certain cases authority under a portion of an Act is transferred to the Secretary by this Act while responsibility for other provisions of the same Act will be retained by the transferring agency. This provision is designed to permit the Secretary to exercise powers vested by the general provisions of any such Act without divesting the transferring agency of authority to exercise those powers with respect to the functions retained by that agency.

SEC. 421. Is designed to make clear that authority expressly provided by this Act is in addition to any authority that may have existed prior to the effective date of this Act and is transferred by this Act.

SEC. 422. Requires an annual report to the Congress on the activities of the Department concerning activities during the preceding fiscal year, a statement of goals and an assessment of progress.

SEC. 423. Authorizes the Secretary, when authorized in an appropriation Act, to transfer funds from one appropriation to another as long as such transfers do not increase or decrease an appropriation by more than five percent. This does *not* permit such transfers unless they are authorized in an appropriation Act.

SEC. 424. Authorizes the establishment of service funds for each Administration and for the Office of the Secretary. These funds would be used to defray the initial costs of reimbursable services provided to other departments or agencies or to persons, agencies, or organizations outside the Government.

TITLE V

Transitional and Conforming Provisions

SECTION 501. Provides that whenever all of the functions of a department, agency, or other body, or of any component thereof, have been transferred, whether by this Act, or by a combination of Acts, Reorganization Plans, etc., the department, agency, etc., shall lapse. This, in effect, discontinues organization structures when they no longer have functions to perform. This section also provides for the concurrent lapse of all positions in those lapsed organizations which positions were expressly created by statute or reorganization plan or which are Executive Schedule Level I to V positions. (See section 9(i), DOT Act, 80 Stat. 945.)

SEC. 502. Substitutes the Department of Human Resources for the Department of Health, Education, and Welfare in the definition of "Executive Department" in title 5 of the United States Code.

SEC. 503. Substitutes the Secretary of Human Resources for the Secretary of Health, Education, and Welfare in section 19(d) of title 3 of the United States Code relating to Presidential succession.

SEC. 504. Substitutes the Secretary of Human Resources for the Secretary of Health, Education, and Welfare in Reorganization Plan No. 2 of 1970 relating to membership on the Domestic Council.

SEC. 505. Authorizes the Director of the Office of Management and Budget to make such additional incidental dispositions of functions, positions, personnel positions, assets, liabilities, contracts, property, records, appropriations, etc. as may be necessary to carry out the intent and purpose of the Act. This is a standard provision in Reorganization Plans involving interagency transfer of functions.

TITLE VI

Savings Provisions

SEC. 601(a). Is a savings clause that continues the effectiveness of all existing contracts, determinations, rules, regulations, permits, contracts, certificates, licenses, and privileges affected by the Act until such time as they are otherwise modified or replaced by appropriate authority or otherwise expire. This avoids any inadvertent lapsing or impairment of essential directives, documents, and obligations, and will afford the Secretary sufficient time to deal with these matters in an orderly fashion.

SEC. 602. Is another savings clause that preserves and continues legal proceedings in being on the effective date of the Act. Such proceedings would, in effect, be continued, modified, or terminated as if the Act had never been enacted.

SEC. 603. This is a technical provision. It provides that with respect to functions transferred by the Act, references in laws (including Reorganization Plans) to other officials shall be deemed to be a reference to the Secretary.

SEC. 604. This is a technical provision. A number of the functions that are transferred by this Act are functions that are vested in the President but were delegated to a transferring agency on the effective date of this Act. Under the terms of the Act those functions are transferred to the Secretary. This section is designed to assure that those administrative delegations of functions by the President do not take on a statutory character that would impair the President's authority to modify, terminate, or transfer these delegated functions in the future.

TITLE VII

Separability

SECTION 701. Is a standard separability clause that avoids the invalidation of the whole Act if a single provision is found to be invalid.

TITLE VIII

Effective Date and Interim Appointments

SECTION 801. Provides that the Act shall become effective 120 days after the Secretary is appointed, or on such earlier date as the President may prescribe and publish in the *Federal Register*. This will give the President time to select, nominate, and appoint the Secretary, and will allow the Secretary sufficient time to arrange and organize the new Department and prepare such rules, regulations, orders, etc., as may be necessary for a smooth transition.

Sec. 101. The Secretary of the Department of Health, Education, and Welfare in the collection of "Executive Departmental" and "United States Code."

Sec. 102. Subsequent to the Secretary of Health, Education, and Welfare in the collection of "Executive Departmental" and "United States Code."

Sec. 103. Subsequent to the Secretary of Health, Education, and Welfare in the collection of "Executive Departmental" and "United States Code."

Sec. 104. Subsequent to the Secretary of Health, Education, and Welfare in the collection of "Executive Departmental" and "United States Code."

Sec. 105. Subsequent to the Secretary of Health, Education, and Welfare in the collection of "Executive Departmental" and "United States Code."

Sec. 106. Subsequent to the Secretary of Health, Education, and Welfare in the collection of "Executive Departmental" and "United States Code."

Savings Provisions

Sec. 107. In order to provide for the continuation of all existing contracts, agreements, leases, regulations, permits, licenses, certificates, franchises, and privileges issued by the Act shall remain in effect as if they were issued or renewed by appropriate authority or otherwise expire. This section shall not apply to any contract, agreement, lease, permit, license, certificate, franchise, or privilege issued by the Act shall remain in effect as if they were issued or renewed by appropriate authority or otherwise expire.

Sec. 108. In order to provide for the continuation of all existing contracts, agreements, leases, regulations, permits, licenses, certificates, franchises, and privileges issued by the Act shall remain in effect as if they were issued or renewed by appropriate authority or otherwise expire.

Sec. 109. This is a technical provision. It provides that with respect to functions transferred by the Act, reference to laws (including Executive Orders) shall be deemed to be a reference to the Secretary.

Sec. 110. This is a technical provision. A number of the functions that are transferred by the Act are functions that are vested in the President but were delegated to a transferring agency on the effective date of the Act. Under the terms of the Act these functions are transferred to the Secretary. This section is designed to provide that these administrative delegations of functions by the President do not terminate a statutory character that would require the President's authority to modify, terminate, or transfer these delegated functions to the Senate.

PART VI

THE PROPOSED DEPARTMENT OF ECONOMIC AFFAIRS

Proposed

Department of Economic Affairs

REPORT AND REVIEW

A. INTRODUCTION

1. PRESIDENT'S REORGANIZATION PLAN

President Nixon, in his state of the Union address on January 22, 1971, proposed a sweeping reorganization of the executive branch to enable the Federal Government to carry out its responsibilities in meeting the changing needs and concerns of the American people. The President's reorganization proposal was based largely on the findings and recommendations of a detailed study conducted by the President's Advisory Council on Executive Organization (Ash Council). The proposals made by the Ash Council differ in several respects from the legislation originally proposed for the Department of Economic Affairs in March 1971. These differences reflect conclusions reached after weighing the Ash Council recommendations, and other proposals for executive reorganization made earlier in this and previous administrations. The legislation originally proposed for the Department of Economic Affairs has been modified to reflect the retention of a separate but streamlined Department of Agriculture, and other pertinent developments since March 1971.

The present structure of the executive branch has evolved piecemeal over a long period of time, largely on the basis of specifically identified needs and specialized functions. While the rationale for creating each separate department and agency reflected reasonable earlier assessments of need, the changes that have occurred in the Nation's activities and attitudes in recent decades have created pressures and demands for a substantial revamping of this structure. The President is therefore recommending that many of the domestic programs of government be rearranged and assigned to four new departments:

Community Development.—A department concerned with the community—rural communities and urban communities—and the need to create and preserve a safe and wholesome living environment for every person.

Natural Resources.—A department concerned with the physical environment and the preservation and balanced use of those great natural resources on which this Nation depends.

Human Resources.—A department dealing with the concerns of people as individuals, as members of a family—a department focused on human needs.

Economic Affairs.—A department concerned with national economic growth and health—with our jobs, businesses, transportation networks, market systems, and the many other interrelated activities which affect the American economy.

2. CONCEPT OF THE DEPARTMENT OF ECONOMIC AFFAIRS

Assuring our economy's continued growth and proper functioning is one of the great purposes around which national government should be organized. Vigorous economic growth provides tangible benefits to increasing numbers of individual and organizational participants. Sustained high economic performance is essential to the success of basic social and economic programs. And finally, the way in which our complex and abundant economy operates—including work conditions and opportunities, business efficiency and productivity, transportation services and safety, market information and international trade flows—profoundly affects our individual, corporate, and national well-being. We have a common interest in the sustained growth and smooth operation of our economy which transcends individual, business sector, and agency program perspectives, and the Federal Government must effectively respond to this pervasive national concern.

Our system places basic reliance on individual initiative and private enterprise to develop and direct the Nation's economy. The Federal Government has special supporting responsibilities with regard to interstate and foreign commerce, and promotion of the useful arts and sciences. Current Federal Government program activities which guide and service the Nation's economy include:

- Compiling and disseminating basic economic data and analyses.
- Establishing and enforcing selected policies and standards.
- Conducting diverse operations having direct and indirect economic impact.

These activities are reflected in programs scattered throughout the Federal establishment, including several cabinet departments, and numerous executive and independent agencies. While these widespread

organizational and program responsibilities span much of our economy, the focus of each effort is much narrower and overall economic performance accountability is undermined.

The Department of Economic Affairs will provide a cabinet-level Federal organization whose perspective is the overall operation of our economy, whose objective is fostering optimum economic growth and performance, and whose responsibility is the practical assistance and assessment of national economic activities and initiatives. The new Department will consolidate existing programs from four cabinet departments, and four executive and independent agencies. It will have initial responsibility for Federal programs which affect labor standards and relations; small, minority, and domestic business development; mediation and conciliation services; transportation safety and service; social, economic and technical information; and international labor and commercial activities. The new Department will be in a position to administer more effectively the consolidated Federal economic programs, provide more balanced economic data and analysis, render improved services to the public and private sectors, present more comprehensive and practical perspectives in developing economic policy, and to assure more integrated implementation and evaluation of Federal economic program initiatives.

3. PRIOR REORGANIZATION STUDIES

The need for major reorganization of the executive branch is well documented. Previous reorganization studies have proposed the consolidation of programs concerned primarily with economic affairs.

For example, the President's Task Force on Government Reorganization, chaired by Don K. Price, a leading authority in governmental administration, suggested to President Johnson in 1964 the creation of a "Department of Economic Development." A key point made by the Price task force was that "reorganization is needed from time to time as the pace of economic, social, and technological progress leads to the adoption of new action programs for which the old structure is poorly suited." With reference to the present separation of Commerce and Labor, the task force found that "the separation of the Commerce and Labor Departments, originally established as one, has been justified by the conflict between management and labor, and the need to give each a department to represent it. That concept is obsolete in theory, and has been growing more obsolete in practice."

4. WEAKNESSES IN EXISTING ORGANIZATIONAL ARRANGEMENTS

During the past two decades, executive departments have grown in size and complexity with the addition of many new programs enacted in response to an array of specific needs. While most of these pro-

grams have sound objectives, very little consideration has been given to where responsibility for program operations should be placed to insure maximum overall effectiveness. It is not surprising, then, that many people believe that the Federal Government has not met its obligation to deliver required services and assistance where needed on a timely basis. A number of weaknesses are inherent in the government's existing organization structure. To illustrate, the current structure inhibits:

- Formulation and execution of integrated economic policies and programs.
- Realistic program evaluation and accountability.
- The orderly resolution of differences in interests among economic sectors and their representatives in government.
- Effective coordination and client communication of related program initiatives.

1. *The dispersal of related responsibilities inhibits the formulation of integrated economic policies and the coordinated execution of comprehensive programs.*—The current structure not only encourages but forces agencies concerned with economic policy planning and the operation of economic programs to take narrow, parochial views of the economy. As a consequence, wide-ranging economic problems which should receive unified analysis and treatment are dealt with in more narrowly defined contexts. Too often this piecemeal response is poorly coordinated and, on occasion, even counterproductive. As the Ash Council pointed out, "The present organizational structure encouraged fragmentation when comprehensive responses to social and economic problems are needed. Problems are defined to fit within the limits of organizational authority, resulting in piecemeal approaches to their solutions by separate departments and agencies."

For example, the complex practices and documentation involved in the transshipment of cargo in international trade have long been recognized as inhibiting the free and rapid movement of goods, and contributing to unnecessary shipping costs. Failure to expand the intermodal use of shipping containers similarly and adversely affects domestic and international commerce. The United States is mounting an important effort to simplify such transshipment practices and documentation, yet a number of separate departments and agencies are vitally interested in the nature and extent of any changes made to facilitate domestic and international commerce. The agencies involved in the present simplification efforts would include:

Department of Transportation—
Federal Aviation Administration

Federal Railroad Administration
Saint Lawrence Seaway Development Corporation
U.S. Coast Guard
Bureau of Motor Carrier Safety

Department of Labor—

Bureau of International Affairs
Labor-Management Services Administration
Bureau of Labor Statistics

Department of Commerce—

Social and Economic Statistics Administration
Bureau of International Commerce
Maritime Administration

Small Business Administration

Under the proposed Department of Economic Affairs, these program activities would be brought together in a single cabinet department. The number of separate agency concurrences now required to establish a U.S. position, and the coordination required to implement resulting programs, would both be substantially reduced.

2. *The current organization structure inhibits realistic program evaluation and accountability.*—Recent Presidents have found it difficult to hold any single agency accountable for the accomplishment of their stated policy objectives. The organizational fragmentation of economic programs among departments and agencies, primarily on the basis of special interest groups or functional areas, results in a splitting of common activities and national concerns with little attention to the interrelatedness of the country's overall economic needs. The President's broad economic policies and programs are thus implemented only in those areas directly related to an agency's mission. Problems which transcend the boundaries of an agency's mission often receive partial treatment, because the programs are designed to deal with those aspects of the problem which fall within agency boundaries.

The diffusion of responsibilities for closely related areas is illustrated by the split of programs relating to the dissemination of technical information between Commerce and the National Aeronautics and Space Administration. At present, businessmen seeking information about federally developed manufacturing technology or new products technology are uncertain about which agency to contact for the desired information. Commerce's National Technical Information Service will sell already published Government technical reports, but will not provide the more sophisticated technology utilization services that NASA's Technology Utilization Office provides for NASA-generated technology. Thus, gaining access to federally generated technology, whose sources are spread throughout Federal agencies, is both

time consuming and expensive. The Commerce and NASA information activities will be centralized in the Department of Economic Affairs, and the President, the Congress, and the public will have a single agency to hold accountable for the availability of this information.

3. *The current organization structure provides no mechanism for the orderly resolution of differences between economic sectors and their representatives in Government.*—The organization of the departments and agencies concerned with economic affairs along functional lines inhibits consideration and resolution of relative policy and program priorities within the executive branch. Decisionmaking responsibility is often shifted to the Executive Office of the President because no official at the departmental level has the authority to decide the issues presented. This forced centralization of conflict settlement on issues related to economic programs raises to the presidential level questions which would not otherwise require a high policy-level decision. The escalation of the level of conflict resolution adds seriously to the timelag between initial issue identification and its final resolution. In an era in which the pace of change is accelerating, such unnecessary delay in decisionmaking is unacceptable.

The existing structure's weakness in this area is illustrated by two cases. The first has resulted from the existence of several statistical agencies which collect, analyze, and publish a wide array of social and economic statistical reports and research studies. These agencies often secure their basic data from the same sources, causing inconvenience for the respondents, creating doubts as to data comparability, and increasing overall data collection costs. The differences in each agency's terminology, definitions, and statistical techniques produce results which conflict or contradict each other, at worst, and which at best are often noncomparable.

The second illustration involves crew sizes for merchant marine vessels. The Maritime Administration, Department of Commerce, provides subsidies for the construction and operation of U.S. cargo ships, and is therefore interested along with the operators in the most economical operation of the ships. Crew size is an important factor in operating costs, and from that standpoint small crews are also desirable. However, the Coast Guard, Department of Transportation, is responsible for safety measures on the high seas, and for this reason is authorized to set qualifications and manning levels for crews of vessels of U.S. registry. This example illustrates how safety and economy of marine operation can be in opposition. A third factor is the Department of Labor's role as the Federal agency responsible for the conditions of employment of merchant mariners and for the maritime unions. These conflicting interests are a frequent source of friction and

strife among the various elements of the maritime shipping business.

Bringing the affected agencies together in the Department of Economic Affairs will permit resolution of the differences outlined above at a level below the Executive Office of the President.

4. *Currently divided and sometimes overlapping responsibilities inhibit effective coordination and client communication of related Federal program initiatives.*—A prime illustration of this kind of weakness results from the lack of clear demarcation between the role of the Office of Minority Business Enterprise (OMBE), in the Commerce Department, and the Small Business Administration. For example, OMBE-funded organizations furnish information and preliminary counseling to prospective entrepreneurs; help businessmen to prepare business plans and loan applications and obtain funds from financial institutions; and provide management services and technical assistance to businessmen. SBA also offers these services to minority businessmen. Conversely, the SBA licenses, regulates, and partially finances special corporations designed to invest particularly in minority enterprises (MESBIC's); and administers a minority-oriented procurement program under section 8(a) of the Small Business Act. The OMBE has undertaken a major effort to stimulate minority interest in and use of the MESBIC and section 8(a) procurement programs. Both the OMBE and the SBA have become popularly associated with these programs, and have maintained considerable contact with minority firms and other affected Government agencies. Both OMBE and SBA are staffed with field representatives primarily charged with the responsibility for assisting minority applicants seeking Government assistance. The new Department of Economic Affairs will incorporate the minority business programs of both OMBE and SBA, with a commensurate increase in program coordination and decrease in confusion by minority businessmen seeking program assistance and information.

B. RATIONALE FOR THE NEW DEPARTMENT

1. HISTORICAL PERSPECTIVE

American economic abundance is unsurpassed in the world community. Our free enterprise system, energetic and resourceful working force, and abundance of natural resources have combined to enable the United States to develop unprecedented levels and means of production.

The U.S. economy provides the basis for a relatively high standard of living, for the development of human and natural resources, for meeting national security needs, for an increasingly viable and healthful environment, and for continuous improvement in health, educa-

tion, and recreation capabilities. In a relatively short span of history, we have moved from an agrarian to an industrial society that has penetrated the boundaries of space. Concrete evidence of our economic and technological advance is provided by the annual production of over a trillion dollars worth of goods and services.

The process of changing to a more specialized, interdependent economy began during the early 19th century, but the pace has greatly accelerated in recent decades. Productivity gains have come rapidly, permitting a large part of our manpower to shift from manufacturing and construction activities to providing the services which are popularly demanded in this age of consumer affluence and conveniences.

Also in recent years, the growing force of white collar workers has outstripped the number of production workers, and the number of Americans who gain their livelihood as craftsmen or farmers has dwindled. The work force is employed largely in offices or factories where the production processes are increasingly automated. Long ago the 40-hour week became a national standard, and is now being challenged as an inhibitor of a fuller life and higher employment. Our success in producing goods and services has created new problems, and exacerbated some of those of longer standing. Against this background of continuing change the Federal Government has provided assistance in:

- Devising ways to utilize fully America's manpower and other resources.
- Maintaining reasonable price stability so as to permit continued growth in living standards, to prevent breakdowns in our financial and business machinery, and to avoid gross inequities to retired persons and others dependent on fixed incomes.
- Keeping the United States competitive in world markets in the face of increased foreign competition.
- Promoting economic growth while maintaining a healthful environment.
- Bringing more poverty-stricken and low-income people into full participation in our economy.
- Opening avenues for greater participation by minorities and others disadvantaged as business owners and managers.
- Preventing the development of conditions which would cause severe adverse economic impact on any segment of society.
- Seeking means of effectively protecting consumers against substandard goods and practices where market forces provide inadequate protection.

2. INTEGRATED APPROACH TO ECONOMIC GROWTH

In the real world the major elements of our private enterprise economy are highly interdependent. Labor and management may still negotiate respective shares of specific economic gains, but both now recognize a more overriding stake in increasing the total productivity and profitability of our economic system. The national transportation system is a major economic sector in itself, but it is also the vital service linkage which moves raw materials to processing plants, finished products to wholesalers, retailers, consumers, and the traveling public from place to place. The increasing movement of goods in world markets has made the competitive posture of American goods in international trade a matter of basic concern to worker, manufacturer, transporter, and purchaser alike. Even the impact of highly specialized economic actions, such as financial or agricultural matters, eventually have a real effect on more generalized economic pursuits.

In this real world of interdependence, it is increasingly unrealistic for those agencies of the Federal Government which deal directly with various elements of the economy to remain organizationally separate and programmatically fragmented. The President and the Congress can no longer afford to view the elements of the economic system as separate and independent entities. The forces which draw these elements together, and demand an integrated Federal economic approach, are now far greater than the forces which have previously caused them to be treated separately. Separate Federal organizations increasingly represent an artificial and unwarranted barrier to unified Federal policy and programs which are responsive to the operating needs of our free enterprise system.

The Department of Economic Affairs will recognize contemporary economic reality and, for the first time, bring together in one agency the principal elements, exclusive of Agriculture and specialized financial agencies, by which the Federal Government helps the economy function most effectively. The special province of the Department of Economic Affairs will not be general fiscal policy, but rather a service and assistance role of a real, comprehensive and practical nature, which directly aids the work force, the manufacturer, the merchant, and the transportation system. However, as a result of these direct program activities, the DEA will also bring new and broader practical perspectives to bear in the establishment of general economic policies.

DEA will create the capability to develop, under a single cabinet Secretary, an integrated approach to orderly economic growth and increasing productivity. Those economic development and assistance programs can be selected which benefit all and are mutually reinforcing. Program initiatives can be better orchestrated, both internally and with more general economic policies. The concerns of each

clientele group can be reflected directly to the Secretary and can be factored into all of the policies and actions of the Department. All of the technical assistance resources of the Department such as international development, science and technology capability, statistics and information services, and economic planning will be available to all the groups in the economy which the Department will serve.

3. BASIC PROGRAM OBJECTIVES

The objectives of the Department of Economic Affairs will be to provide Federal leadership and conduct programs for assuring:

- Full employment with reasonable price stability.
- Effective participation in the world economy.
- Profitable and productive use of economic resources.
- Continuous improvement in America's standard of living.
- A fair distribution of the benefits of economic growth.
- The efficient, safe, economical, and convenient movement of people and economic goods.
- A stable economic base to meet national security needs.
- Effective standards for worker protection.
- A safe and healthful work environment.
- Increased participation of disadvantaged and small business enterprises in the economic mainstream.
- Prompt economic relief to areas or elements of the economy affected by disasters.
- Increased harmony between management and labor.
- The availability of meaningful and current economic data and analyses.

In pursuing these objectives the Department of Economic Affairs will provide four essential types of Federal services:

- Technical and financial assistance to individual enterprises.
- Social, economic, and technical information and analysis to all users.
- Standards for businesses, workers and labor unions.
- Transportation and other public services which are not, and often cannot be, provided by the private enterprise system.

4. MAJOR DEPARTMENT FUNCTIONS

The Department of Economic Affairs brings together Federal programs which facilitate the growth and functioning of the U.S. economy and its relationship to the world economy. To achieve its objectives, the Department of Economic Affairs must incorporate the necessary policy formulation, planning, program management, standard setting, research, and other activities required to provide adequate Fed-

eral leadership. In carrying out these activities, the Department will perform the following functions:

1. Provide advice to the President and Congress, in concert with other economic advisors, as to policies affecting the development and functioning of the economy and U.S. participation in the world economy.
2. Assist in the creation and expansion of domestic and foreign markets for American products and services.
3. Enhance the productivity and profitability of our factories and other workplaces by promoting and facilitating the development, dissemination, and application of American science and technology.
4. Provide and promote the use of mediation, conciliation, and arbitration services to increase industrial harmony.
5. Promote and stimulate programs of worker protection in all areas pertaining to employment and well-being on the job, and insure a safe and healthful work environment.
6. Assist the President, Congress, Government agencies, and members of the private economy in analyzing and interpreting economic events and in formulating economic policy by providing basic economic, demographic and social data, and other information.
7. Assure workers, investors, employers, and consumers a full opportunity to share and participate in the benefits of national economic development by promoting balanced growth of all sectors.
8. Promote and facilitate the efficient, safe, reliable, and convenient movement of goods and people by fostering the development of balanced national systems of air, ground, and water transportation.
9. Facilitate the establishment and growth of small and other businesses by assuring adequate sources of capital and furnishing management and technical assistance.
10. Assist minority and disadvantaged persons to participate effectively in the Nation's economy and share fully in its benefits as workers, employers, and investors.
11. Promote fair competition within a free enterprise system and facilitate the orderly and uninterrupted flow of goods and services.

5. PROGRAMS OF THE NEW DEPARTMENT

To carry out these functional responsibilities, existing Federal programs will be transferred from their present departments and agencies, and consolidated in the department. Programs to be transferred are summarized below:

From Commerce:

Programs which furnish economic, social and technical information, support the development and application of technology, assist minor-

ity and other disadvantaged firms, and facilitate domestic and foreign marketing of U.S. goods.

From Labor:

Programs which promote industrial harmony between labor unions and employers, assure the well-being of workers, including a safe and healthful work environment, provide labor statistics and analyses, and represent the Government in international labor matters.

From Transportation:

Programs which promote and facilitate balanced, safe, reliable and efficient national systems for the movement of goods and people.

From Small Business Administration:

Programs to strengthen small business participation in the economy and to assist minority and other disadvantaged persons to participate as owners and managers of businesses.

From other agencies:

- Federal Mediation and Conciliation Service.
- Nonadjudicative functions of the National Mediation Board.
- Technology dissemination functions from the Technology Utilization Office of the National Aeronautics and Space Administration.

6. EXPECTED BENEFITS AND IMPROVEMENTS

The establishment of the Department of Economic Affairs as an executive department consolidating key Government programs dealing with the national economy will produce significant benefits for the American people. Among these are the following:

1. *The experience and voice of business and labor will be more effectively brought to bear in formulating national economic policies.*—The Departments of Labor, Commerce, and Transportation have a close and continuing relationship with their respective clientele groups, and are sensitive to their points of view on economic issues. However, their existence as separate departments, each with its own distinct clientele has reduced their effectiveness in formulating advice on national economic policy for the President.

The Secretary of Economic Affairs will be well equipped to participate effectively in economic policy formulation since he will have a close relationship with most sectors of the economy. For example, in discussions of price stability he would have direct inputs on labor's sensitivity to employment levels and business' views on price levels and profitability.

2. *A single source of social and economic data will produce more comprehensive and consistent intelligence to guide economic decisions.*—

Bringing together all the major statistical and economic analysis programs under common direction will resolve inconsistencies, gaps, and overlaps in the information now provided. The users of these data—including business firms, labor unions, common carriers, and governmental agencies at all levels—will have the convenience of a single source of data as well as more comprehensive analysis. This, in turn, will assist in better informed economic decisionmaking throughout the private and public sectors.

3. *American business will receive more effective assistance in reaching world markets.*—The promotion of exports is an objective of common interest to most areas of economic endeavor. It also stabilizes and expands employment opportunities for American labor. Consolidation of Commerce and Labor programs which promote and assist exporters in a Department broadly concerned with the economy will increase their impact, and provide a single cabinet official to whom those interested in export policies and activities can appeal for assistance.

4. *Transportation policies can be more effectively related to total national economic policies.*—The efficient and economical movement of materials and finished goods is vital to the functioning of the entire economy. Transportation systems must be balanced internally as to alternative modes, and externally with other factors affecting the entire economy. This external balance will be achieved by the incorporation of national transportation programs and policy in the Department's National Transportation Administration.

5. *The progressively greater decentralization of economic program management to regions which utilize standard Federal boundaries will promote meaningful contact between interested citizens and the programs which affect their interests.*—Related programs, which are now scattered among several Departments and agencies, will be consolidated into administrations of the Department. This will facilitate consistency and a maximum degree of decentralization of decision-making authority to the regional officials. As a result, regional officials of the various administrations of the Department will be able to relate more meaningfully to State, local, and private officials in their regions.

6. *The new Department of Economic Affairs will provide many points for access by interested citizens.*—The existence of a Secretary who is responsible and accountable for Federal programs relating to most major economic sectors will improve communications between the public and the Government. He and the heads of the components of the Department will have many access channels for interested citizens. Under the existing structure most queries and appeals from the public must go to higher levels, where generally resources are insufficient to analyze the situation and develop responsive reaction. The Department will have these resources, and the ability of Government to respond to the needs of its citizens will be improved.

C. ORGANIZATION AND MANAGEMENT OF THE DEPARTMENT

1. MANAGERIAL SCOPE AND REQUIREMENTS

The President's proposal for a sweeping reorganization of the executive branch brings together in each of the four new departments many varied and complex programs. Some of the new departments will be quite large. The Department of Economic Affairs will be the largest of the new departments in terms of Federal manpower with approximately 126,000 full-time employees, and will have an annual budget of approximately \$5 billion. Its range of programs will be wide and varied. These factors of variety, complexity, and magnitude require very careful consideration to insure the manageability of such a large enterprise.

The Department of Economic Affairs must have a carefully designed internal organization if the Department is to perform its assigned mission effectively. At a minimum, such an internal organization must have three broad features:

- The Secretary must have adequate authority and supporting staff resources to enable him to carry out his responsibility for controlling policy development and program execution at all levels.
- Substantive programs must be coherently grouped into major manageable units at the first-tier organizational level.
- The field structure and management system must lend itself to extensive decentralization of program execution, including the capacity to tailor Federal services delivery to local conditions.

2. THE DEPARTMENTAL MANAGEMENT SYSTEM

The manageability of a large organization in great part depends upon the clear delineation of the functions the Secretary and his top management team are expected to perform. However, the functions should, and will often have to, be carried out by these officials in a way which allows maximum flexibility of roles and a minimum of rigidly conceived specialization.

a. The Secretary.—The Secretary will be responsible for the management and direction of his Department. This is underscored by the fact that all statutory authorities and Presidential authorities vested in the Department will be assigned to the Secretary, including matters of program substance and of management. Thus, the Secretary has ultimate managerial responsibility to the President and the Congress. The Secretary will thus be in a position to:

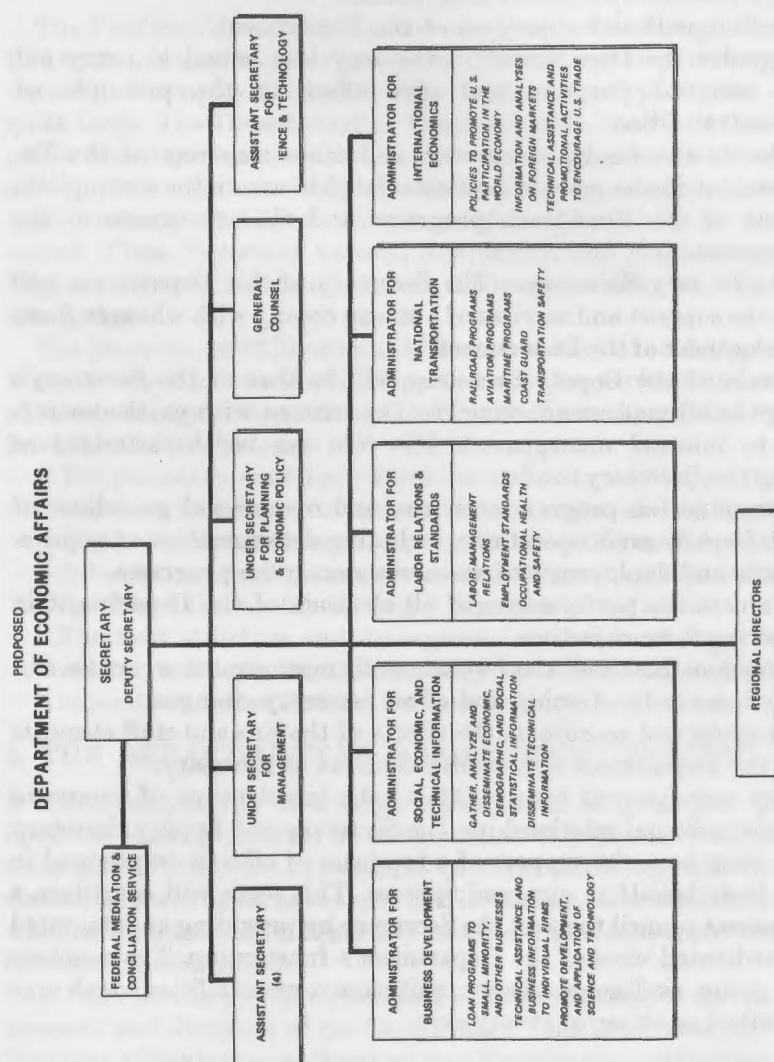
- Assign or reassign responsibilities and authorities within the Department and place any necessary limitations on the exercise of authority.
- Select policy-level officials, except a small number to be named by the President with Senate confirmation.
- Set the goals and objectives of the Department.
- Organize the Department in the way best suited to carry out its assigned purposes and give effect to the principle of decentralization.
- Allocate the funds, manpower, and other resources of the Department in the manner best calculated to assure the accomplishment of the President's programs and the enactments of the Congress.

b. The Deputy Secretary.—The Secretary of this Department will require the support and services of a strong deputy with whom to share the management of the Department.

The role of the Deputy Secretary will be that of the Secretary's alter ego in all matters affecting the Department with particular reference to internal management. His role can be characterized as assisting the Secretary to:

- Determine the program activities and operational guidelines of the Department's operations, including determination of requirements and deployment of resources among the programs.
- Evaluate the performance of all elements of the Department in meeting these objectives.
- Determine how well the Department's management structure and systems are functioning and effect necessary changes.
- Integrate and coordinate the efforts of the line and staff elements of the Department and resolve conflicts as necessary.

c. Top management team.—Due to the broad range of programs and major external relationships, the Secretary and Deputy Secretary clearly must have the support of a top team of officials empowered to act on their behalf in assigned spheres. This team will constitute a management council to assist the Secretary by providing an integrated and coordinated view of the Department's functioning. The members of this group, as discussed below, will have responsibilities which may be described as either of two types:



(a) Delegated responsibility for a major operating program segment. In the Department of Economic Affairs these segments will be administrations with an administrator at the head of each. They will be:

- Administrator for Business Development;
- Administrator for Labor Relations and Standards;
- Administrator for National Transportation;
- Administrator for International Economics;
- Administrator for Social, Economic, and Technical Information.

Each administrator will have responsibility for program execution and policy formulation within his assigned sphere.

(b) Delegated responsibility for the broad management of key functions critical to the central direction of the entire Department. These functions will be directed by:

- Two Under Secretaries;
- General Counsel;
- Assistant Secretary for Science and Technology;
- Other Assistant Secretaries.

The roles and relationships of these officials are described as follows:

The Two Under Secretaries.—The Secretary and Deputy Secretary will require the support of two top level officials to provide a departmentwide perspective on such matters as policy formulation, planning and budgeting, resource utilization, management structure and controls, information systems, program audits and field operations. Thus, the Secretary will have a strong, cross-cutting managerial capability independent of the more narrowly defined interests of each program administration.

The Under Secretaries will be equivalent in rank and stature to the program Administrators, and thereby able to participate to the fullest possible degree as members of the top management team.

Some of the major functions which will be assigned to the Under Secretaries are:

- Assist in formulating the overall policy of the Department and in carrying out the presidential and congressional intentions.
- Oversee and coordinate the preparation of legislative proposals needed to strengthen national or Departmental policy and programs.
- Serve as effective witnesses before Congress on the policies, plans, requirements, and operations of the Department.
- Provide a source of innovation and evaluation in the systems for managing and administering the programs of the Department.
- Assure an effective plan for organizational relationships and responsibilities necessary for orderly and efficient management.

- Provide an independent evaluation of the accomplishment of program objectives and conformance with established policy.
- Develop a field/headquarters balance in which program decisions are made and executed at field levels to the fullest possible extent.
- Assure the compatibility of field locations and boundaries internally and with other agencies, in order to provide necessary services to the public in an effective and convenient manner.
- Provide policies, programs, and controls to assure that manpower and financial resources are utilized fully and effectively in the accomplishment of program objectives.
- Design and operate an effective flow of timely and pertinent management information between the Secretary and the several levels of management.

The General Counsel.—The General Counsel will occupy the top legal position in the Department and will be charged with furnishing legal advice and support to the Secretary and Deputy Secretary. In addition, the General Counsel will be responsible for furnishing legal assistance to officials throughout the Department and for assuring consistency and high professional competence in legal services at all levels. Finally, the General Counsel will also assist in the drafting of proposed legislation of interest to the Department.

Assistant Secretary for Science and Technology.—Many of the policy and operational issues which will confront the Department of Economic Affairs at the Secretarial level involve sophisticated matters of science and technology. In view of these considerations and in order to provide expert leadership and strong support to the Secretary and Deputy Secretary in matters of research and technical development, an Assistant Secretary for Science and Technology will be appointed. The Assistant Secretary will develop and recommend plans, policies, resource allocations, and other activities to make the best use of research and technology in meeting the goals and objectives of the Department. He will also serve as principal adviser to the Secretary on science and technology matters and assist the Secretary in relationships with the White House and Congress on scientific matters.

Other Assistant Secretaries.—In addition to the two Under Secretaries, the General Counsel and the Assistant Secretary for Science and Technology, there will be a need for several other Assistant Secretaries to concentrate departmentwide managerial attention on matters of key secretarial interest. The most effective utilization of these positions should be left for final determination by the Secretary on the basis of his assessment of priorities. Areas which may merit the atten-

tion of an Assistant Secretary separate from the officials cited above are such things as:

- Civil rights and equal opportunity;
- Environmental and consumer affairs;
- Minority business enterprise;
- National economic policy; and
- Audit and inspection

Those areas which are not given separate status under an Assistant Secretary can be subsumed as a responsibility of one of the Under Secretaries.

d. Field/Headquarters Relationships.—The field/headquarters relationship is a vital and integral part of the overall management system of the Department of Economic Affairs. This is particularly true in the light of the President's objective of decentralizing operations and decisionmaking to the regions and field offices to the greatest possible extent. The importance of field operations to overall departmental management is discussed later in this report.

3. PRIMARY GROUPINGS OF PROGRAMS

The grouping of programs into Administrations has been developed to minimize the need for continuous and close coordination across Administration lines, thus eliminating to the greatest possible degree the amount of overlap and duplication of functions and skills among the Administrations. Above all, this grouping of programs will facilitate the access of citizens to Government programs which affect their vital interests. This grouping is conducive to the development of a unified field system which allows maximum decentralization of decisionmaking authority. The grouping of programs into Administrations also reflects the President's policy that uninterrupted provision of vital Government services must be assured by avoiding unnecessary disruption of established organizational structures and relationships.

1. *Proposed Administrations.*—The Department will be organized into five Administrations:

- Business Development;
- Labor Relations and Standards;
- National Transportation;
- International Economics; and
- Social, Economic, and Technical Information.

2. *Description of Each Administration.*—In the following pages each of the five proposed Administrations is described as to its general concept or mission, its principal functions, and the existing Federal programs which it will manage.

Business Development Administration.—American business enterprises provide the effective combination of capital, management, labor, and technology to expand and adjust the Nation's economy. The Federal Government assists business by providing standards and services which promote the growth of private enterprise and provide a structure of opportunity and fair competition. The Nation has recognized the importance of fostering small business. Many small enterprises provide an environment which encourages constructive innovation and an opportunity for individuals to participate more fully in the Nation's prosperity. This Administration will have the broad purpose of assisting all businesses to prosper and to adjust to the changing economic environment. Consolidation of these business assistance services will promote uniform policies and facilitate access by interested members of the public. The functions of this Administration include:

- Development of policy to assist in the growth and development of private business enterprise.
- Provision of capital, managerial, and technical assistance to small and other businesses.
- Assistance to minority and other disadvantaged businesses through the provision of capital and technical services.
- Basic and applied research and technical services to strengthen and advance the Nation's science and technology and facilitate their effective application to increases in productivity and other uses for the benefit of the general public.
- Dissemination of useful business information to enhance marketing and management.

The Administration will encompass the functions of the following units.

From the Department of Commerce:

- Bureau of Domestic Commerce;
- Office of Minority Business Enterprise;
- National Bureau of Standards;
- Patent Office;
- Office of Telecommunication; and
- Business loans, technical assistance, and economic research functions of the Economic Development Administration.

From the Small Business Administration:

- Entire Administration except residential disaster loans.

From the National Aeronautics and Space Administration:

- Dissemination functions of the Technology Utilization Office.

Labor Relations and Standards Administration.—Since 1913, when the Department of Commerce and Labor was divided into two Departments, the rights of working men and women to decent wages, working conditions, and employment opportunities, have been substantially

recognized and facilitated by new legislation, court decisions, and widespread union participation in collective bargaining with employers. Placing the Government's labor relations and standards programs and services in a Department charged with a broad economic mission will enhance the position of labor and is consistent with its economic objectives. The Administrator responsible for this component will be the spokesman for the labor force in the consultations of the Secretary and his advisers on economic policy matters. His participation in these deliberations will provide for the full and equitable consideration and integration of the workingman's concerns in all departmental programs. As a result, insuring the American worker's share in the benefits of increases in economic growth and productivity will be identified as a major purpose of all economic policies and programs. Functions of this Administration will include:

- Development of national labor policy.
- Provision of services to labor and management to promote industrial harmony.
- Development and enforcement of standards to protect workers.
- Improvement of occupational safety and health.
- Labor standards research, information, and implementation.

The Administration will be responsible for the functions performed by the following units.

From the Department of Labor:

- Labor-Management Services Administration.
- Employment Standards Administration (exclusive of the Women's Bureau and the Bureau of Employee Compensation).
- Occupational Safety and Health Administration.

From the Department of Health, Education, and Welfare:

- National Institute for Occupational Health and Safety.

National Transportation Administration.—The National Transportation Administration will be responsible for promoting and assuring the safe, convenient, economical, and efficient transportation of goods and people. The Administration will facilitate, establish standards, inspect, regulate, but generally will not operate total transportation systems. The National Transportation Administration will have responsibility for those major Federal transportation programs which must be planned and conducted on a national basis, to assure satisfactory performance and integration with other elements of the economy. Although all transportation programs contribute to economic growth and development, certain transportation programs have a predominant influence on land use, and the development, growth and, in sum, on the character of our communities. Such programs will be transferred to the Department of Community Development. How-

ever, the National Transportation Administration will closely coordinate the development of these community-oriented transportation programs with national transportation investment policies, thus achieving a balance among Federal programs designed to assure that the economy will be supported by an efficient and effective national transportation system.

This transfer of transportation functions according to overall purpose dictates a transfer of the community-oriented highway programs to the Department of Community Development. The Interstate Highway program is deeply involved in both urban and rural community planning and development, and is also being transferred to avoid the creation of two Federal highway agencies. While the importance of the Interstate System to the American economy is fully recognized, the system is basically in place and the remaining segments will have their greatest impact on communities.

The maintenance of high level attention to all aspects of transportation safety will be assured by continuing the independence of the National Transportation Safety Board within the new Administration. The Board Chairman will report directly to the National Transportation Administrator. The functions to be performed by the National Transportation Administration are:

- Development of national transportation policy.
- Promotion of transportation safety.
- Management of the National Airways System.
- Federal aid to airport construction.
- Provision for law enforcement, navigation aids, and the overall safety of life and property at sea and in the navigable waters of the United States.
- Improvement of motor carrier, automotive, and highway traffic safety.
- Maintenance of the merchant marine.
- Assistance to the rail transportation system.
- Operation of the U.S. portion of the Saint Lawrence Seaway.
- Transportation research and information service.

The National Transportation Administration will be responsible for functions of the following units.

From the Department of Transportation:

- National Transportation Safety Board.
- U.S. Coast Guard.
- Federal Aviation Administration.
- Bureau of Motor Carrier Safety.
- National Highway Traffic Safety Administration.
- Federal Railroad Administration.

- Saint Lawrence Seaway Development Corporation.
 - Transportation Systems Center.
- From the Department of Commerce:
- Maritime Administration.

International Economics Administration.—This Administration will consolidate and give unified policy and program attention to Federal programs which foster and assist effective U.S. participation in world markets. The span of programs thus consolidated will include those related to commercial and labor interests. The Administration also will promote participation of U.S. private capital and expertise in the total international economic development effort.

Maintenance of our competitive position in the world economy involves activities beyond those proposed for this Department, and close coordination with the Council on International Economic Policy and other affected agencies will be necessary.

The International Economics Administration will perform the following functions:

- Formulation of international economic policy advice.
- Collection, analysis, and dissemination of information on international trade and investment.
- Promotion of foreign travel to the United States.
- Regulation of U.S. foreign investment and exports.
- Promotion of U.S. exports and other activities to strengthen U.S. participation in the international economy.

The functions assigned to the following units will be performed by this Administration.

From the Department of Commerce:

- Bureau of International Commerce.
- U.S. Travel Service.
- Office of Foreign Direct Investment.

From the Department of Labor:

- Bureau of International Labor Affairs.

Social, Economic, and Technical Information Administration.—This Administration will serve as a focal point for the collection, compilation, analysis, and publication of a wide range of economic, social, demographic, and technical data. This information is essential for effective planning and sound decisionmaking by the Federal Government, State and local governments, business and agriculture interests, labor unions, and the public at large. The functions of the Administration will be:

- Provision of basic statistics and research findings about population characteristics and the economy including the Nation's economic accounts.
- Conduct of special economic analyses in the fields of industry, labor, and transportation.

- Dissemination of technical, statistical, and economic information.

This Administration will be responsible for the functions of the following units.

From the Department of Labor:

- Bureau of Labor Statistics.

From the Department of Commerce:

- Social and Economic Statistics Administration.
- National Technical Information Service.

Federal Mediation and Conciliation Service.—The Federal Mediation and Conciliation Service will report directly to the Secretary and Deputy Secretary. The mediation and conciliation services are made available impartially to all sectors of the economy; freedom from dominance by the interests of any one sector will be achieved by assigning this service independent of any one administration. Functions performed will be:

- Dispute mediation by rendering assistance to the parties, when needed, in connection with the negotiation or renegotiation of a collective bargaining agreement.
- Preventive mediation through the long-term improvement of the labor-management relationship by encouraging the parties to discuss their problems apart from the tensions of imminent contract expiration or strike deadlines.
- Public information and educational activities in support of the total mediation effort.
- Arbitration activity through maintenance of a select roster of well-qualified persons from which the involved parties can select an arbitrator to hear and decide disputed issues.

The Federal Mediation and Conciliation Service of the Department of Economic Affairs will include the mediation functions of the National Mediation Board. The NMB provides services for two industries—railways and airlines. The consolidation of these functions with similar services to other industries will provide more effective and uniform mediation services to all segments of American labor and business.

4. REGIONAL STRUCTURE AND SYSTEM

1. *Existing Systems.*—The Department of Economic Affairs will initially inherit from its component programs a complex set of field or regional systems with the following general characteristics:

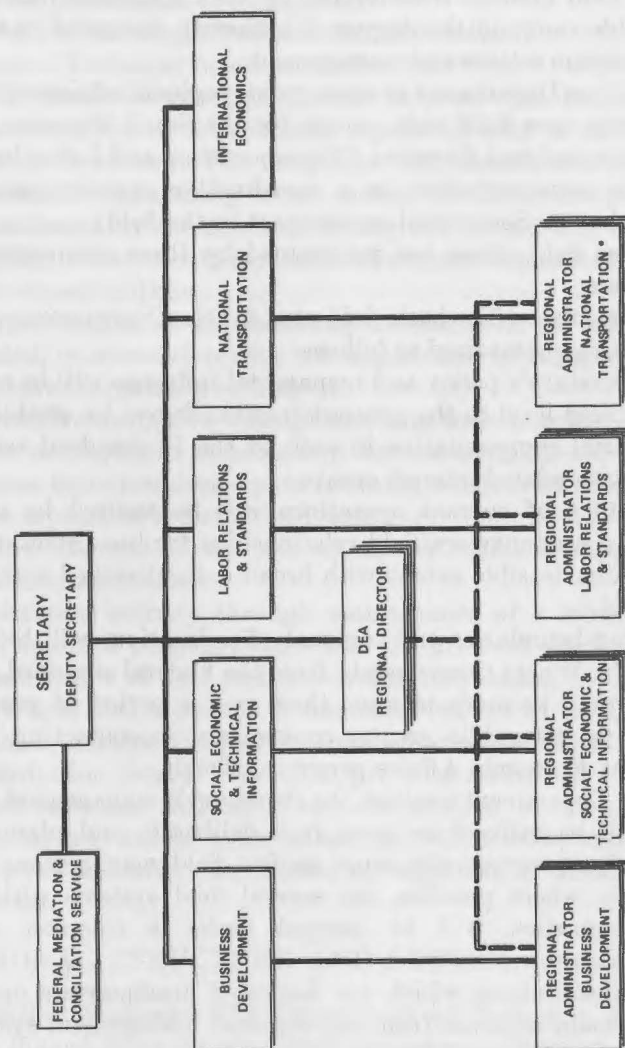
- Approximately 20 regional or subregional field systems exist.
- A number of specialized office units exist which are physically removed from Washington, but which do not function in relation to the programs of a given territory.

- Partial observance of the President's standard regional boundaries and regional headquarters location exists (SBA, Labor Department, and many Transportation Department field systems are so aligned and located, but field systems to be transferred from Commerce do not fully conform to the standard Federal regions).
- Many field systems transferring to the Department have a considerable range in the degree of authority delegated to the field for program actions and management.
- There is no Department or agencywide regional official with direct authority over field units except for the Small Business Administration regional directors (Transportation and Labor have Secretarial representatives in a coordinative capacity, and Commerce has no Secretarial counterpart in the field).
- Overseas field offices are maintained by three component organizations.

2. *General Plan.*—The basic field plan for the Department will have characteristics summarized as follows:

- The Secretary's policy and managerial influence will be extended to the field level to the greatest feasible degree by establishing a secretarial representative in each of the 10 standard regions to work with related interest groups.
- Continuity of current operations will be assured by utilizing existing headquarters/field relationships for line direction to the maximum feasible extent with broad delegations of authority to the field.
- Existing boundaries and regional office locations will be utilized initially. Where these deviate from the Federal standard regions, efforts will be made to align them over a period of years. This will give the public greater convenience in contacting Department of Economic Affairs program officials.
- As the Department evolves, the Secretary's management authority will be utilized to move in a deliberate and planned way toward a progressively more unified field management system. That is, where possible, the several field systems within each Administration will be merged under a common regional Administrator.
- Field installations which are dispersed headquarters operations will remain separate from any regional management system and will be administered directly as part of their parent organization.

DEPARTMENT OF ECONOMIC AFFAIRS FIELD-HEADQUARTERS RELATIONSHIP



* Will not apply initially

FEBRUARY, 1972

3. *Description of Initial Field System.*—(a) *Secretarial Representation.*—The Secretary will exercise a direct influence and obtain departmental representation in the field operations by placing a secretarial representative or regional director in each of the 10 Federal regions. These officials will be appointed by the Secretary and will serve at his pleasure. They will report to the Secretary/Deputy Secretary. These appointees will not initially be line supervisors of Department field operations, but will fill the following role:

- They will be delegated authority by the Secretary to help resolve conflicts in their regions among program elements or program and support elements.
- They will represent the Secretary in their regions dealing with senior State and local officials and, in particular, with the elected heads of State and local governments.
- They will communicate and interpret policy from the President and the Secretary to all departmental units in their regions with particular reference to policy on matters which affect relationships between programs.
- They will evaluate the performance of Department programs in the region, deal with criticisms and complaints from groups including labor, business, and public officials, and provide a separate and independent communication channel to the Secretary.
- They will further exercise departmental influence in the regions by assuring consistency in regional planning, by helping to achieve program integration and coordination, and by management of common services.
- They will be members of the regional councils and encourage inter-departmental cooperation through the councils and in other ways.

(b) *Direction to Field.*—Paralleling the above system of secretarial representation and influence, the Department will move toward a headquarters/field system of line direction which will link the Administrator of each component with his counterparts in the field (see chart). To illustrate, the Administrator for Labor Relations and Standards could delegate program and management authorities to 10 regional Administrators of Labor Relations and Standards, and they would be accountable to him for performance. The 10 regional Administrators, in turn, would redelegate appropriate authority to field operating components within their region.

The Labor Relations and Standards Administration can move directly to this type of regional management system when the Department of Economic Affairs comes into existence. The Business Development Administration and the Social, Economic and Technical Information Administration will be organized with counterpart regional Administrators as soon as feasible after the Department is

created. The desirability and practicality of this regional management system for the National Transportation Administration has not been established. The programs of these component Administrations will be reviewed to determine how they can best achieve the objectives of effective decentralization and responsive administration.

4. *Special Field Arrangements.*—In a few cases field units will have special relationships:

- *Federal Mediation and Conciliation Service.*—The FMCS at headquarters level will be organizationally separate from all of the Department's Administrations. Its field officials similarly will be independent of the other regional Administrators. However, FMCS field offices could receive administrative support from the Secretary's regional director.
- *National Transportation Safety Board.*—Within the National Transportation Administration, the field officials will report directly to the NTSB headquarters. However, the NTSB field offices could receive administrative support from the Secretary's Regional Director or other National Transportation Administration field office.
- *National installations in the field.*—In the Department, there are installations located outside of Washington which have only incidental relationship to the area in which they are located. They are not part of a regional scheme and, in fact, are considered to be decentralized national offices. These field installations will report directly to the Washington offices for which they operate. The National Bureau of Standards complex at Boulder, Colo., is an example of this type of field/headquarters relationship.

5. ORGANIZATION/APPROPRIATION STRUCTURE RELATIONSHIPS

The new Department of Economic Affairs will require a new appropriation structure, merging and consolidating the accounts now in use for the activities being moved to the new Department. The revised appropriation should enhance management effectiveness and provide flexibility to respond to rapidly changing conditions. To facilitate effective management, the appropriation structure must correspond to the organization of the new Department. Further, appropriations will be proposed to be made to the Secretary, with some appropriation items identified to the level of the first major program grouping of the Department. With the concurrence of the Congress, this should result in a simplification of the appropriation structure, and facilitate legislative review of the President's budget requests. The existence of many relatively small appropriations, transferred from the existing depart-

ments and agencies, could be a handicap to the new Department in integrating its operations, as well as a handicap to the Congress and the public in understanding the Federal budget. It is not the intent of the proposals discussed here to fix an appropriation pattern for all time. Appropriation structures are subject to change by the Congress from year to year, and indeed should be changed as programs and organizations are modified.

A highly desirable approach would be to establish two principal appropriation accounts for each major grouping of the Department. The first includes financing for day-to-day operating expenses and other activities for which the requirements for a specific year could be readily established. This annual appropriation would facilitate continuing congressional review.

The second appropriation would cover funds for construction, land acquisition, project-oriented research, and certain types of loan and grant activity, for which there is a need for longer term availability of appropriated funds. In these cases, "no year" appropriations would be proposed; e.g., such amounts as, upon the concurrence of Congress, would be available until expended.

In addition, the financial accounts of the Department would continue to provide separately for the major trust funds and the various public enterprise funds transferred to the Department. A working capital fund at the departmental level to finance departmentwide administrative services would also be desirable. Service funds could be established where necessary, to merge accounts which provide for services performed for others at a charge approximating cost, or which continue earmarking now required by law in connection with programs of the Department.

6. PRINCIPAL ADMINISTRATIVE IMPROVEMENTS

The President's Departmental Reorganization Plan affords the executive branch an opportunity to make significant improvements in management practices and procedures. The primary thrust of these improvements will be to create an environment where innovation can flourish, and management can readily adapt to future needs. The theme of adaptability and flexibility is built into the structure of each department. This has been achieved by:

1. Providing the capability to react swiftly to changes in emphasis and established priority by authorizing the Secretary to organize and manage the Department internally.
2. Emphasizing maximum decentralization of authority and responsibility so as to place the power of decision where the problem is best solved in the interest of the public.

3. Providing the authority to draw upon the whole range of national capability in carrying out the missions of the Department.

4. Providing greater discretion in the management of financial resources.

These administrative improvements will not only make possible but necessitate new and improved ways of doing business. Some of the significant opportunities are:

(1) The simplification and reorientation of information systems to furnish current program status and for such common purposes as payroll, supply control, and accounting.

(2) The introduction of a comprehensive planning process to enable the integration of long- and short-range planning. It will also serve as a basis for management evaluation.

(3) The upgrading of the contracting process to allow the best practices to be adopted for general use. Improved selection processes, requirements definition, and administrative procedures can be employed, and procurement leadtime can be reduced.

(4) The unification of research and development to permit technology assessment and goal selection to be conducted in terms of departmental objectives, thus producing a balanced, cohesive, and responsive research and development effort.

D. BUDGET AND MANPOWER DATA

The approximate size of each of the major administrations of the Department of Economic Affairs is displayed in the following table. Outlays are generally used as the measure of program level except in the case of some programs where obligations or loan level is a more accurate indicator of the dimension of the program. Manpower estimates are end of year employment. All data are for fiscal year 1972, based on the President's 1973 budget.

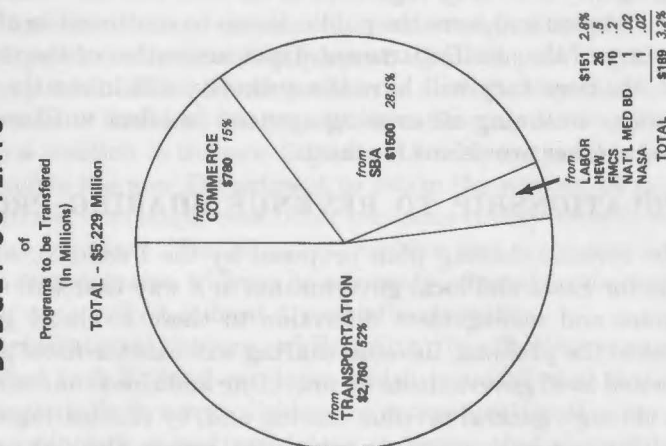
	Fiscal year 1972	
	Employment (in millions)	Budget outlays ¹ (in millions)
Business Development Administration.....	12,606	\$1,720
Labor Relations and Standards Administration.....	5,079	139
National Transportation Administration.....	63,072	3,217
International Economics Administration.....	1,375	42
Social, Economic, and Technical Information Administration.....	5,302	100
Federal Mediation and Conciliation Service.....	473	11
Total	87,907	5,229

¹ Adjusted to reflect program levels in some cases.

² Exclusive of 38,128 military personnel.

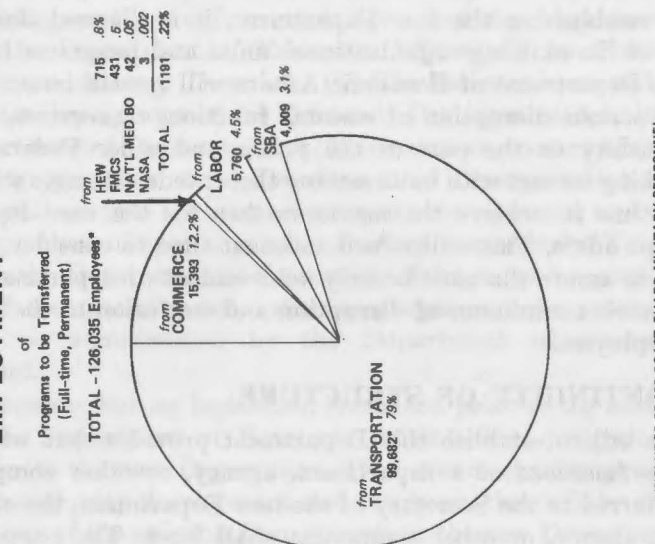
The Proposed Department of Economic Affairs

BUDGET OUTLAYS



ALL DATA - FISCAL YEAR 1972

EMPLOYMENT



*INCLUDES 38,128 COAST GUARD MILITARY PERSONNEL

FEBRUARY, 1972

E. RELATED CONSIDERATIONS

1. POLICY OF MINIMUM TRANSITION CHANGE

In establishing the new Department, it is planned that initially most of the existing organizational units and programs transferred to the Department of Economic Affairs will remain intact. This will avoid serious disruption of essential functions or services, and avoid uncertainty on the part of the public and other Federal agencies in making contact with units serving their needs. Changes will be made over time to achieve the maximum benefits the new departmental concept offers. This will afford sufficient time to consider all factors so as to assure the most orderly achievement of departmental objectives with a minimum of disruption and confusion to the public and to employees.

2. CONTINUITY OF STRUCTURE

The bill to establish this Department provides that whenever all of the functions of a department, agency, or other component are transferred to the Secretary of the new Department, the old Department, agency, or other component shall lapse. The purpose of this provision is to clarify the authority of the Secretary of the new Department to consolidate or reorganize the existing bureaus or agencies in order to better achieve the expected benefits and improvements afforded by the reorganization. This does not necessarily mean that any particular bureau or agency will be discontinued. Where the existing agency is already organized in the most efficient manner to carry out its mission and serve the public, it can be continued in effect by the Secretary of the new Department. Upon activation of the new Department, the Secretary will have the authority administratively to issue an order continuing all existing agencies in effect until such time as he makes other provisions for them.

3. RELATIONSHIP TO REVENUE SHARING PROPOSALS

The revenue sharing plan proposed by the President will provide funds for State and local governments in a way that will assign both revenues and management discretion to those levels of government closest to the problem. Revenue sharing will ease the fiscal problems of State and local governments by providing additional unrestricted revenues through general revenue sharing and, by eliminating the present matching requirements of the categorical grants, through special revenue sharing. Finally, it will make State and local elected officials responsible to the electorate for capably dealing with their problems.

Characteristically, the programs recommended for conversion to special revenue sharing deal with those top priority national problems

which can benefit from State and local analysis and decisionmaking. Six broad functional areas are included: Transportation, education, urban community development, rural community development, manpower training, and law enforcement. Several of the programs transferred to the Department of Economic Affairs will be affected by special revenue sharing. These are: (1) The business loans and technical assistance programs of the Economic Development Administration, Department of Commerce, and (2) the airport grant and highway traffic safety programs of the Department of Transportation. These programs will go into the rural community development and transportation portions of special revenue sharing, respectively. They will continue in the Department of Economic Affairs, however, until these portions of the special revenue sharing programs are enacted. Then they will be administered by the Department of Community Development.

If the revenue sharing legislation is enacted prior to the establishment of the Department of Economic Affairs, these programs will not transfer to the new Department. The revenue sharing programs for rural community development and transportation will be administered by one of the existing Departments or the new Department of Community Development.

No other changes in the Department of Economic Affairs are contemplated as a result of the enactment of general or special revenue sharing.

4. EMPLOYEE SAFEGUARDS

The bill contains savings clauses which are designed to protect the interests of present officers and employees. The bill provides that no executive pay level official whose position is abolished by the act will be compensated at less than his present executive pay level as long as he serves in a position in the new Department with comparable duties. This will enable the new Department to retain the services of experienced executives, who might seek other positions if they were to suffer a loss in pay or status. The bill also provides that other employees' grades and compensation will not be adversely affected by the reorganization for a period of at least 1 year after transfer.

These organizational changes, while primarily affecting programs, also will affect each Federal employee and it is anticipated that they will participate fully in accomplishing the reorganization. To that end, current plans include sound provisions to insure that disruption to employees will be kept to an absolute minimum, that cut-backs in staffs, where necessary, will be accomplished through attrition, and that actions which could adversely affect employees will be avoided.

More specifically, it can be stated that no employee will be separated because of the reorganization. In addition, the reorganization bills

include a provision that no employee will be reduced in classification or compensation as a result of the plan for 1 year after the reorganization becomes effective. All movements of functions and jobs will be governed by current law and Civil Service Commission regulations, with full employee protection and appeal rights. From another standpoint, the reorganization can be viewed as improving the range of opportunities for promotion and career development, as more broadly conceived program management and staff positions evolve in the new Department.

Full consideration is being given to the impact of reorganization on the existence of union recognition and agreements, in light of the possible changes in unit structure that may result from transfers, realignments, and combinations.

In these ways the bill provides for essential continuity of operations during the formative phases of the Department.

SUMMARY OF REVISIONS

Analysis of Differences Between This Department of Economic Affairs Bill and the Comparable Bill Submitted on March 25, 1971

This bill is identical with the earlier bill except as noted herein—

1. The bill has been revised to reflect the President's decision to retain the Department of Agriculture and to assign to it the farms and agriculture functions that would have been transferred to the Department of Economic Affairs. This involved the omission of section 301 (transfer of functions from the Department of Agriculture) and the renumbering of the remaining sections of Title III; revision of subsection (c) of section 101 (policy); revision of section 202(c) (omission of Farms and Agriculture Administration); revision of section 202(e) (reduction of executive level positions); omission of subsection (e) of section 305 (section 304, as amended) (Economic Opportunity Act functions); section 425 (section 424, as renumbered) (service fund); and revision of sections 502, 503, and 504 (technical).

2. Section 302(b) (Section 301(b), as renumbered) has been revised by adding a new clause (5) which excludes black lung disease functions under the Federal Coal Mine Health and Safety Act from the functions transferred from the Department of Labor to the Department of Economic Affairs. Instead, those functions will be transferred to the Department of Human Resources as originally intended. This is a technical amendment. (See companion change in section 301(c) (1) of the Department of Human Resources bill.)

3. Section 303(a) (2) (Section 302(b) (2) as renumbered) has been revised to clarify the division of functions under the Public Works and Economic Development Act of 1965 between the Secretary of Community Development and the Secretary of Economic Affairs. (See companion change in Section 301(f) of the Department of Community Development bill.)

4. Section 304(g) (Section 303(g), as renumbered) has been revised to provide for the transfer of certain highway safety functions to the Department of Economic Affairs rather than to the Department of Community Development. (See companion change in Section 301(c) (1), (2), and (3) of the Department of Community Development bill.) These are functions of the National Highway Traffic

Safety Administration (NHTSA) relating to provision of grants to States and communities for driver and vehicle safety programs. It has been concluded that these functions should remain with other NHTSA programs which are being transferred to the Department of Economic Affairs. However, highway safety grants relating to highway construction and highway traffic control, now performed by the Federal Highway Administration, will be transferred to Department of Community Development along with other Federal Highway Administration programs as provided in the earlier bill.

5. Section 304(h) (before renumbering) has been omitted. It would have provided for the transfer of the supersonic aircraft program from Department of Transportation to NASA. As a result of congressional cancellation of the program subsequent to submission of the original bill, this transfer is no longer desirable. Deletion will leave any SST program residuals with DEA and its other national transportation programs.

6. A new subsection (h) has been added to section 303 (as renumbered) expressly preserving the St. Lawrence Seaway Development Corporation as a statutory entity within the Department of Economic Affairs as intended in the original bill. This is a clarifying amendment.

7. Subsection (d) of Section 305 (Section 304, as renumbered), has been omitted. That provision would have transferred the functions of the Smithsonian Institution relating to the Science Information Exchange to the Department of Economic Affairs. It has been concluded that such a transfer should not be made.

8. Subsection (f) of Section 306 (Section 305(d), as renumbered), has been modified in order that only those functions of NASA's Technology Utilization Office relating to the purpose of DEA are transferred; namely, the utilization, application, and transfer of technology activities relevant to economic development and assistance.

9. Section 411, relating to the acquisition of special purpose facilities, has been rewritten to clarify its purpose and to assure the preservation of the present role of the General Services Administration with respect to the acquisition of other facilities. This is considered to be a purely technical revision of this section.

10. Section 413 has been slightly revised but the changes are purely technical and self-explanatory.

11. Former Section 417, relating to printing, has been omitted in response to Congressional preference to maintain the *status quo* with respect to printing authority.

12. Section 426, relating to no-year appropriations, has been deleted in view of the Congressional preference to deal with this matter in other legislation.

A BILL

To promote more effective management of certain related functions of the executive branch by reorganizing and consolidating those functions in a new Department of Economic Affairs and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Department of Economic Affairs Act."

TITLE I

Declaration of Purpose

SECTION 101. (a) (1) The Congress hereby declares that the general Welfare of the Nation requires a productive and growing national economy capable of fostering the equitable attainment of the social, economic and national security goals of the people.

(2) The Congress further declares that the Federal Government has primary responsibility for fostering and promoting the attainment of the national economic objectives of full employment with reasonable price stability; effective participation in world trade; increasing productivity; a rising standard of living; a fair return for those who contribute to production; efficient, safe and convenient movement of goods and people; a sound base for national security needs; and a fair opportunity for the disadvantaged and others to enter and succeed in the business realm.

(b) To best achieve these objectives and to improve Government operations, the Congress finds that it is necessary to establish a Department of Economic Affairs to bring together and provide common leadership and direction to those Federal activities which directly relate to their attainment, and to effectively coordinate such Federal activities with related activities of States and localities, public and private institutions, and individuals.

(c) It shall be the function of the Department of Economic Affairs, among other things, to foster a sound national economic policy and effective participation in world trade; assist in the creation and expansion of domestic and foreign markets for the products of United



States industry and agriculture; promote the prompt and equitable resolution of labor disputes; formulate national transportation policies and administer transportation programs; promote and facilitate the development, dissemination and application of science and technology as a means of increasing the productivity and efficiency of our farms and factories; assure adequate supplies of food and fiber for the Nation; encourage and assist as authorized by the Congress, the disadvantaged, small businessmen, and others who seek to compete in the free enterprise system; collect and disseminate basic economic, demographic, and social statistical data; foster industrial and motor vehicle safety; promulgate and enforce labor and product standards; and otherwise assure fair competition and an orderly flow of goods and services within a free enterprise system.

TITLE II

Establishment of Department

SECTION 201. There is hereby established at the seat of Government an executive department to be known as the Department of Economic Affairs (hereinafter referred to as the "Department"). There shall be at the head of the Department a Secretary of Economic Affairs (hereinafter referred to as the "Secretary"), who shall be appointed by the President by and with the advice and consent of the Senate. The Secretary shall receive compensation at the rate now or hereafter prescribed for offices and positions at Level I of the Executive Schedule (5 U.S.C. 5312). The Department shall be administered under the supervision and direction of the Secretary who shall be responsible for the efficient and coordinated management of the Department.

SEC. 202. (a) There shall be in the Department a Deputy Secretary who shall be appointed by the President by and with the advice and consent of the Senate and who shall receive compensation at the rate now or hereafter prescribed for offices and positions at Level II of the Executive Schedule (5 U.S.C. 5313).

(b) There shall be in the Department two Under Secretaries who shall be appointed by the President by and with the advice and consent of the Senate and who shall receive compensation at the rate now or hereafter prescribed for offices and positions at Level III of the Executive Schedule (5 U.S.C. 5314).

(c) There shall be in the Department a Business Development Administration, at the head of which shall be an Administrator for Business Development, a Farms and Agriculture Administration, at the head of which shall be an Administrator for Farms and Agriculture, a National Transportation Administration, at the head of which shall be an Administrator for National Transportation, a Labor Relations and Standards Administration, at the head of which shall be an Administrator for Labor Relations and Standards, a Social, Economic and Technical Information Administration, at the head of which shall be an Administrator for Social, Economic and Technical Information, and an International Economics Administration, at the head of which shall be an Administrator for International Economics. There shall be an Associate Administrator for Federal Aviation and an Associate Administrator for Small Business. The Administrators and Associate Administrators appointed pursuant to this subsection shall be appointed by the President by and with the advice and consent of the Senate and shall receive compensation at the rate now or hereafter prescribed for offices and positions at Level III of the Executive Schedule (5 U.S.C. 5314).

(d) There shall be in the Department five Assistant Secretaries and a General Counsel who shall be appointed by the President by and with the advice and consent of the Senate and who shall receive compensation at the rate now or hereafter prescribed for offices and positions at Level IV of the Executive Schedule (5 U.S.C. 5315).

(e) There shall be within the Department not more than ~~forty-two~~ *thirty-seven* additional officers, as determined from time to time by the Secretary, who shall be appointed by the Secretary and shall receive compensation at the rate now or hereafter prescribed for offices and positions at Level IV or Level V of the Executive Schedule (5 U.S.C. 5315 or 5316), as the Secretary may specify.

(f) Officers appointed pursuant to this Section shall perform such functions as the Secretary shall specify from time to time.

SEC. 203. The Deputy Secretary (or in the absence or disability of the Deputy Secretary or in the event of a vacancy in the Office of the Deputy Secretary, an Under Secretary, Administrator, Assistant Secretary, or the General Counsel, determined according to such order as the Secretary shall prescribe), shall act for and perform the functions of the Secretary during any absence or disability of the Secretary or during a vacancy in the Office of the Secretary.

TITLE III

Transfers

SECTION 301. (a) Except as this title may otherwise provide, there are hereby transferred to and vested in the Secretary all of the functions of the Secretary of Agriculture, the Department of Agriculture, and all officers and components (except corporations) of that Department.

(b) This section shall not apply to the functions of or relating to—

- (1) the Forest Service;
- (2) the Soil Conservation Service;
- (3) the Rural Electrification Administration;
- (4) the Farmers Home Administration under:

(A) title V of the Housing Act of 1949 (42 U.S.C. 1471 et seq.);

(B) section 206 of subtitle A of the Consolidated Farmers Home Administration Act of 1961 (7 U.S.C. 1926), which relate to water and waste disposal loans and grants and comprehensive planning grants;

(C) section 8 of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1006a);

(D) section 32(c) of title III of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1011(c)).

(5) the Food and Nutrition Service, except the Secretary of Economic Affairs shall have the function of designating certain foods as being in abundance under sections 9 and 13 of the National School Lunch Act (42 U.S.C. 1758 and 1761) and section 8 of the Child Nutrition Act of 1966 (42 U.S.C. 1777);

(6) the Consumer and Marketing Service under:

(A) the Federal Meat Inspection Act (21 U.S.C. 601 et seq.);

(B) the Poultry Products Inspection Act (21 U.S.C. 451 et seq.);

(C) the Egg Products Inspection Act (Public Law 91-597, 84 Stat. 1620).

(7) conducting research in consumer and food economics, human nutrition, and human resources under section 1 of the Act of June 20, 1935 (7 U.S.C. 427), and sections 202 and 203 of the Agricultural Marketing Act of 1946 (7 U.S.C. 1621 and 1622);

(8) conducting research into water and land resources under section 1 of the Act of June 20, 1935 (7 U.S.C. 427), and the Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.);

(9) conducting research and service work relating to economic development of rural areas, and to rural government, community

organizations, and government and nongovernment services of a community nature under section 1 of the Act of June 20, 1935 (7 U.S.C. 427), and the Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.).

(c) The Commodity Credit Corporation, together with its functions, is hereby transferred to the Department.

(d) The Federal Crop Insurance Corporation, together with its functions, is hereby transferred to the Department.

SEC. 302 301. (a) Except as this title may otherwise provide, there are hereby transferred to and vested in the Secretary all of the functions of the Secretary of Labor, the Department of Labor, and all officers and components of that Department.

(b) This section shall not apply to the functions of or relating to:

- (1) the Manpower Administration;
- (2) the Bureau of Employees' Compensation;
- (3) the Employee Compensation Appeals Board;
- (4) the Women's Bureau;

(5) Part C of Title IV of the Federal Coal Mine Health and Safety Act of 1969 (30 U.S.C. 931-936).

SEC. 303 302. (a) Except as this title may otherwise provide, there are hereby transferred to and vested in the Secretary all of the functions of the Secretary of Commerce, the Department of Commerce, and all officers and components of that Department.

(b) This section shall not apply to:

(1) the functions of and relating to the National Oceanic and Atmospheric Administration;

(2) the functions under the following provisions of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3121 et seq.):

(A) title I and sections 201, 301 (a), (b) and (f) and 403 (a) (2) and (4) insofar as they relate to public works and development facilities;

(A) title I and section 201 and, insofar as they relate to financial and planning assistance for community development and to public works and development facilities, sections 301 (a), (b) and (f) and 403 (a) (3) and (4).

(B) title V and section 601 (a) of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3181-3191, 3201) which relate to the designation of economic development regions, alterations in regional boundaries, and the establishment of regional commissions; liaison and cooperation with the regional

commissions; and coordination of and with the Federal co-chairmen.

(B) *Title V of the Public Works and Economic Development Act of 1965 (79 Stat. 552; 42 U.S.C. 3181 et seq.) relating to economic development regions and regional commissions, and section 601(a) of that Act (42 U.S.C. 3201) insofar as it relates to coordination of the Federal Cochairmen of the regional commissions.*

(3) the functions under the Act of August 2, 1956 (15 U.S.C. 1211 et seq.), with respect to household refrigerators;

(4) the functions under sections 4, 14 and 17 of the Flammable Fabrics Act (15 U.S.C. 1193, 1201 and 1204).

SEC. 304 303. (a) Except as this title may otherwise provide, there are hereby transferred to and vested in the Secretary all of the functions of the Secretary of Transportation, the Department of Transportation, and the officers and components of the Department of Transportation.

(b) The National Transportation Safety Board is hereby transferred to the Department and the functions exercised by the National Transportation Safety Board under section 5 of the Department of Transportation Act (49 U.S.C. 1654), and those vested in the Secretary of Transportation under section 6(d) thereof (49 U.S.C. 1655(d)), are hereby transferred to and vested in the National Transportation Safety Board.

(c) The Coast Guard is hereby transferred to the Department as a separate entity and the functions of the Secretary of Transportation, the Department of Transportation, and the officers and components of the Department of Transportation with respect thereto are transferred to the Secretary.

(d) Notwithstanding the transfer of the Coast Guard to the Department and the transfer to the Secretary of the functions of the Secretary of Transportation relating thereto, the Coast Guard, together with the functions relating thereto, shall operate as a part of the Navy, subject to the orders of the Secretary of the Navy, in time of war or when the President shall so direct, as provided in section 3 of title 14, United States Code.

(e) The functions of the General Counsel of the Department of Transportation set forth in chapter 47 of title 10, United States Code (Uniform Code of Military Justice) are hereby transferred to the General Counsel of the Department.

(f) Nothing in this Act shall affect the power of the President, in the event of war, to transfer functions to the Department of Defense under section 302(e) of the Federal Aviation Act of 1958 (49 U.S.C. 1343(c)).

(g) This section shall not apply to functions under—

(1) the following laws and provisions of law relating generally to highways and highway safety:

- (A) title 23, United States Code, chapters 1, 2, and 3;
- (B) the Federal-Aid Highway Act of 1970 (84 Stat. 1713);
- (C) the Federal-Aid Highway Act of 1968 (82 Stat. 815);
- (D) the Federal-Aid Highway Act of 1966 (80 Stat. 766);
- (E) the Federal-Aid Highway Act of 1962 (76 Stat. 1145; 23 U.S.C. 307 note);
- (F) the Federal-Aid Highway Act of 1954 (68 Stat. 70);
- (G) the Act of September 26, 1961 (75 Stat. 670);
- (H) the Highway Revenue Act of 1956 (70 Stat. 387; 23 U.S.C. 120 note);
- (I) the Highway Beautification Act of 1965 (79 Stat. 1028; 23 U.S.C. 131 et seq. notes);
- (J) the Alaska Omnibus Act (73 Stat. 141; 48 U.S.C. 21 note prec.);
- (K) the Joint Resolution of August 28, 1965 (79 Stat. 578; 23 U.S.C. 101 et seq. notes);
- (L) section 502(c) of the General Bridge Act of 1946 (33 U.S.C. 525 (c));
- (M) the Act of April 27, 1962 (76 Stat. 59);
- (N) Reorganization Plan No. 7 of 1949 (63 Stat. 1070; 5 U.S.C. Appendix);
- (O) the law relating to the Chamizal border highway (80 Stat. 1477);
- (P) section 201 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App. 201); and
- (Q) Chapter 4 of title 23 of the United States Code insofar as it relates to—

- (i) design, construction, and maintenance of highways;
- (ii) traffic control devices;
- (iii) identification and surveillance of accident locations;
- and
- (iv) highway-related aspects of pedestrian safety.

(2) the following laws and provisions of law relating generally to ground transportation:

- (A) the Urban Mass Transportation Act of 1964 (49 U.S.C. 1601 et seq.);
- (B) the Urban Mass Transportation Assistance Act of 1970 (84 Stat. 962);
- (C) Reorganization Plan No. 2 of 1968 (82 Stat. 1369; 49 U.S.C. 1608 note).

~~(2)~~ the following laws and provisions of law relating generally to highway safety:

~~(A)~~ chapter 4 of title 23 of the United States Code insofar as it relates to—

- ~~(i)~~ design, construction, and maintenance of highways;
- ~~(ii)~~ traffic control devices;
- ~~(iii)~~ identification and surveillance of accident locations; and
- ~~(iv)~~ highway-related aspects of pedestrian safety.

~~(B)~~ section 402 of title 23 of the United States Code insofar as it relates to grants for highway safety programs not covered by subparagraph ~~(A)~~ of this paragraph.

~~(4)~~ ~~(3)~~ the Act of August 1, 1947 (5 U.S.C. 3104), to the extent that it authorizes scientific and professional positions which relate primarily to functions transferred under this subsection which were previously transferred to the Secretary of Transportation under section 6(a) of the Department of Transportation Act (80 Stat. 938, 49 U.S.C. 1655 (a)).

~~(5)~~ ~~(4)~~ the following laws relating generally to the reasonableness of tolls:

- ~~(A)~~ section 4 of the Act of March 23, 1906 (33 U.S.C. 494);
- ~~(B)~~ section 503 of the General Bridge Act of 1946 (33 U.S.C. 526);
- ~~(C)~~ section 17 of the Act of June 10, 1930 (33 U.S.C. 489a);
- ~~(D)~~ the Act of June 27, 1930 (33 U.S.C. 498b); and
- ~~(E)~~ the Act of August 21, 1935 (33 U.S.C. 503 et seq.).

~~(6)~~ ~~(5)~~ the following laws insofar as they relate to pipeline safety:

~~(A)~~ the Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. 1671);

~~(B)~~ sections 831–835 of title 18 of the United States Code.

~~(7)~~ ~~(6)~~ section 513 of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3192).

~~(8)~~ ~~(7)~~ any laws or provisions of law relating to the Highway Trust Fund except as those laws or provisions of law relate to highway safety functions not covered by paragraph ~~(2)~~ of this subsection subparagraph ~~(1)~~ ~~(Q)~~ of this subsection.

~~(h)~~ All of the functions of the Secretary of Transportation, the Department of Transportation, and the officers and components of the Department of Transportation under section 312(b) of the Federal Aviation Act of 1958 (49 U.S.C. 1352(b)) and section 6(e)(1) of the Department of Transportation Act (49 U.S.C. 1655(e)(1)) insofar as they relate to the development of supersonic aircraft are hereby transferred to the Administrator of the National Aeronautics and Space Administration. The personnel employed in connection with,

and the personnel positions, assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds employed, held, used, arising from, available to or to be made available in connection with the development of a supersonic aircraft are hereby transferred to the Administrator of the National Aeronautics and Space Administration.

~~(h)~~ The St. Lawrence Seaway Development Corporation is hereby transferred to the Department as a separate entity and the functions of the Secretary of Transportation, the Department of Transportation, and officers and components of the Department of Transportation with respect to the Corporation are transferred to the Secretary.

SEC. 305 304. (a) Except as this title may otherwise provide, there are hereby transferred to and vested in the Secretary all of the functions of the Administrator of the Small Business Administration, the Small Business Administration, and all officers and components of that Administration.

(b) This section shall not apply to the functions relating to the making of disaster and economic injury loans under the following laws insofar as they apply to residential property:

(1) sections 7(b), 7(c), and 7(f) of the Small Business Act (15 U.S.C. 636(b), (c), and (f));

(2) sections 231, 234, 235, 237, 243, and 304 of the Disaster Relief Act of 1970 (84 Stat. 1744).

SEC. 306 305. There are hereby transferred to and vested in the Secretary the following:

(a) all of the functions of the Federal Mediation and Conciliation Service and the Federal Mediation and Conciliation Director;

(b) all of the functions of the National Institute for Occupational Health and Safety;

(c) the functions of the National Mediation Board under sections 6 and 10 of the Railroad Labor Act of 1926 (45 U.S.C. 156, 160); and

~~(d)~~ all of the functions of the Smithsonian Institution relating to the Science Information Exchange;

~~(e)~~ all of the functions of the Director of the Office of Economic Opportunity, the Office of Economic Opportunity, and all officers and components of that Office under part A of title III of the Economic Opportunity Act of 1964 (42 U.S.C. 2841–2855).

~~(f)~~ ~~(d)~~ Those functions of the Technology Utilization Office of the National Aeronautics and Space Administration involved directly with utilization, application, and transfer of technology activities relevant to economic development and assistance.

SEC. 307 306. (a) Functions vested by subchapter II of chapter 5 of title 5 of the United States Code in hearing examiners employed by any department, agency, or component thereof, the functions of which

are transferred under the provisions of this Act, shall be vested in hearing examiners of the Department.

(b) In any case in which the head of a department or agency is required to consult or obtain approval of the head of another department or agency as a condition to his performance of a function, and the functions of both with respect to the matter involved have been transferred to the Secretary, or any other official, the requirement for such consultation or approval is hereby terminated.

SEC. 308 307. Except as provided in the next sentence, the personnel employed in connection with, and the personnel positions, assets, liabilities, contracts, property, records and unexpended balances of appropriations, authorizations, allocations, and other funds employed, held, used, arising from, available to or to be made available in connection with the functions transferred to the Secretary by this Act are, subject to section 202 of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 581c), transferred to the Secretary for appropriate allocation. Personnel positions expressly created by statute or Reorganization Plan, personnel occupying those positions on the effective date of this Act, and personnel authorized to receive compensation at the rate prescribed for offices and positions at Level I, II, III, IV, or V of the Executive Schedule (5 U.S.C. 5312-5316) on the effective date of the Act shall be subject to the provisions of sections 310 309 and 501 of this Act.

SEC. 300 308. Except as provided in section 310 309, transfer of non-temporary personnel pursuant to this title shall not cause any such employee to be separated or reduced in grade or compensation for one year after such transfer.

SEC. 310 309. Any person who, on the effective date of this Act, held a position compensated in accordance with the Executive Schedule prescribed in chapter 53 of title 5 of the United States Code, and who, without a break in service, is appointed in the Department to a position having duties comparable to those performed immediately preceding his appointment shall continue to be compensated in his new position at not less than the rate provided for his previous position, for the duration of his service in the new position.

TITLE IV

Definitions and Administrative Provisions

SECTION 401. (a) As used in this Act—(1) references to "function" or "functions" shall be deemed to include references to duty, obligation, power, authority, responsibility, right, privilege, and activity, or the plural thereof, as the case may be; and (2) references to "perform"

or "performance," when used in relation to functions, shall be deemed to include the exercise of power, authority, rights, and privileges.

(b) Any reference in this Act to any provision of law shall be deemed to include, as appropriate, references thereto as now or hereafter amended or supplemented.

SEC. 402. (a) The Secretary is authorized to prescribe such policies, standards, criteria, procedures, rules, and regulations as he may deem to be necessary or appropriate to perform functions now or hereafter vested in him.

(b) The Secretary shall engage in such policy planning and perform such program evaluation analyses and other studies as may be necessary to promote the efficient and coordinated administration of the Department and properly assess progress toward the achievement of its missions.

SEC. 403. (a) The Secretary may delegate any of his functions to such officers and employees of the Department as he may designate, and may authorize such successive redelegations of such functions as he may deem to be necessary or appropriate.

(b) The Secretary may, from time to time, establish, alter, rename or discontinue such organizational units or components within the Department as he may deem to be necessary or appropriate, but such authority shall not extend to the abolition of administrations or other organizational units or components expressly established within or transferred to the Department by this or any future Act or Reorganization Plan.

SEC. 404. The Secretary is authorized to establish, alter, or discontinue and to maintain such State, regional, district, local, or other field offices as he may deem to be necessary or appropriate to perform functions now or hereafter vested in him.

SEC. 405. The Secretary is authorized, subject to the civil service and classification laws, to select, appoint, employ, and fix the compensation of such officers and employees, including attorneys, as are necessary to perform the functions now or hereafter vested in him and to prescribe their functions.

SEC. 406. The Secretary may obtain services as authorized by section 3109 of title 5 of the United States Code, at rates not to exceed the rate prescribed for grade GS-18 of the General Schedule by section 5332 to title 5 of the United States Code.

SEC. 407. The Secretary is authorized to appoint, without regard to the civil service laws, such advisory committees as he may deem appropriate for the purpose of consultation with and advice to the Secretary in the performance of his functions. Members of advisory committees, other than those regularly employed by the Federal Government, while attending meetings of such committees or while otherwise serv-

ing at the request of the Secretary, may be paid compensation at rates not exceeding those authorized for individuals under section 5332 of title 5 of the United States Code and, while so serving away from their homes or regular places of business, may be allowed travel expenses, including per diem, as authorized by section 5703 of title 5 of the United States Code for persons in the Government service employed intermittently.

SEC. 408. (a) Notwithstanding any other provision of law, a member of the Coast Guard, the Commissioned Officer Corps of the National Oceanic and Atmospheric Administration, or the commissioned Regular or Reserve Corps of the Public Health Service may be appointed, detailed, or assigned to any position in the Department other than a position the occupant of which must be approved by and with the advice and consent of the Senate.

(b) The Secretary is authorized to provide for participation of military personnel in the performance of his functions. Members of the Army, the Navy, the Air Force, or the Marine Corps may be detailed for service in the Department by the appropriate Secretary, pursuant to cooperative agreements with the Secretary.

(c) Appointment, detail, or assignment to, acceptance of, and service in any appointive or other position in the Department under this section shall in no way affect status, office, rank, or grade which officers or enlisted men may occupy or hold or any emolument, prerequisite, right, privilege or benefit incident to or arising out of any such status, office, rank, or grade, nor shall any member so appointed, detailed or assigned be charged against any statutory limitation on strengths applicable to the Armed Forces. A member so appointed, detailed, or assigned shall not be subject to direction or control by his armed force or any officer thereof directly or indirectly with respect to the responsibilities exercised in the position to which appointed, detailed, or assigned.

SEC. 409. The Secretary is authorized to pay transportation expenses, and per diem in lieu of subsistence expenses, in accordance with chapter 57 of title 5 of the United States Code for travel between places of recruitment and duty, and while at places of duty, of persons appointed for temporary or seasonal services in the field service of the Department.

SEC. 410. The Secretary is authorized to enter into such contracts and agreements, including grant agreements, with public agencies and private organizations and persons; make such payments (in lump sum or installments, and in advance or by way of reimbursement, and with necessary adjustments on account of overpayments and underpayments); and generally take such steps as he may deem to be necessary or appropriate to perform functions now or hereafter vested in him.

SEC. 411. The Secretary is authorized to acquire (by purchase, lease, condemnation or otherwise), construct, improve, repair, operate, and maintain facilities and real property. However, such authority shall apply only to facilities required for the maintenance and operation of laboratories, research and testing sites and facilities, quarters, and related accommodations for employees and dependents of employees of the Department, and such other special purpose real property as the Secretary deems to be necessary in and outside the District of Columbia. The Secretary may, through the Administrator of General Services, acquire, by purchase, lease, condemnation, or otherwise, general purpose office and warehouse buildings or parts of buildings in and outside the District of Columbia for the use of the Department. Title to any property or interest therein, real, personal, or mixed, acquired pursuant to this section shall be in the United States.

SEC. 411. *Except for public buildings as defined in the Public Buildings Act of 1959, as amended, and with respect to leased space subject to the provisions of Reorganization Plan No. 18 of 1950, the Secretary is authorized to acquire (by purchase, lease, condemnation, or otherwise), construct, improve, repair, operate, and maintain facilities and real property as the Secretary deems to be necessary in and outside of the District of Columbia. Such authority shall apply only to facilities required for the maintenance and operation of laboratories, research and testing sites and facilities, quarters, and related accommodations for employees and dependents of employees of the Department, and such other special purpose real property as the Secretary deems to be necessary in and outside the District of Columbia. Title to any property or interest therein, real, personal, or mixed, acquired pursuant to this section, shall be in the United States.*

SEC. 412. (a) The Secretary is authorized to provide, construct, or maintain, as necessary and when not otherwise available, the following for employees and their dependents stationed at remote locations:

- (1) emergency medical services and supplies;
- (2) food and other subsistence supplies;
- (3) messing facilities;
- (4) audio-visual equipment, accessories, and supplies for recreation and training;
- (5) reimbursement for food, clothing, medicine and other supplies furnished by such employees in emergencies for the temporary relief of distressed persons;
- (6) living and working quarters and facilities; and
- (7) transportation for school-age dependents of employees to the nearest appropriate educational facilities.

(b) The furnishing of medical treatment under paragraph (1) of subsection (a) and the furnishing of services and supplies under para-

graphs (2) and (3) of subsection (a) shall be at prices reflecting reasonable value as determined by the Secretary.

(c) Proceeds from reimbursements under this section shall be deposited in the Treasury and may be withdrawn by the Secretary to pay directly the cost of such work or services, to repay to make advances to appropriations of funds which do or will bear all or a part of such cost, or to refund excess sums when necessary: *Provided*, That such payments may be credited to a service or working capital fund otherwise established by law, and used under the law governing such funds, if the fund is available for use by the Department for performing the work or services for which payment is received.

SEC. 413. The Secretary, under such terms, at such rates, and for such periods not exceeding thirty years, *as he deems advisable*, is authorized, under regulations prescribed by the President, to permit the use by concessionaires, including public and private agencies, corporations, associations, or other organizations or individuals, of any real property, or any facility, structure, or other improvement thereon, under the ~~jurisdiction~~ *custody and control* of the Secretary. The Secretary may require permittees under this section to recondition and maintain to a satisfactory standard and at their own expense, the real property, facilities, structures, and improvements involved.

SEC. 414. The Secretary is authorized to acquire any of the following described rights if the property acquired thereby is for use by or for, or is useful to, the performance of functions vested in him—

- (1) copyrights, patents, and applications for patents, designs, processes, and manufacturing data;
- (2) licenses under copyrights, patents, and applications for patents; and
- (3) releases, before suit is brought, for past infringement of patents or copyrights.

SEC. 415. The Secretary is authorized to engage in basic and applied research and development and disseminate technology through information programs, demonstrations, and cooperative arrangements with such scientific and other public and private organizations and persons as he may deem necessary to carry out the functions now and hereafter vested in him.

SEC. 416. (a) (1) The Secretary is authorized, within his own discretion or upon the request of any person, firm, organization, or others, public or private, to make special studies concerning matters within his jurisdiction; to prepare from the records of the Department special compilations, lists, bulletins, or reports; to furnish transcripts or copies of such studies, compilations, and other records; to provide copies of charts, maps, or photographs; and to provide services incident to the conduct of the regular work of the Department. The

Secretary may, as appropriate, require payment of the actual or estimated cost of such special work.

(2). In the case of nonprofit organizations, research organizations, or public organizations or agencies, the Secretary may engage in joint projects, or perform services, on matters of mutual interest, the cost of which shall be apportioned equitably, as determined by the Secretary, who may, however, waive payment of any portion of such costs by others, when otherwise authorized to do so.

(b) All payments for work or services performed or to be performed under this section shall be deposited in the Treasury and may be withdrawn by the Secretary to pay directly the cost of such work or services, to repay or make advances to appropriations or funds which do or will bear all or a part of such cost, or to refund excess sums when necessary: *Provided*, That such payments may be credited to a service or working capital fund otherwise established by law, and used under the law governing such funds, if the fund is available for use by the Department for performing the work or services for which payment is received.

~~SEC. 417. The Secretary, when he deems such action necessary, may make provisions for the printing and distribution of reports and other documents in such number and in such manner as he deems appropriate, with respect to matters under his jurisdiction.~~

SEC. 418 417. The Secretary is authorized to accept, hold, administer, and utilize gifts, and bequests of property, both real and personal, for the purpose of aiding or facilitating the work of the Department. Gifts and bequests of money and proceeds from sales of other property received as gifts or bequests shall be deposited in the Treasury and shall be disbursed upon the order of the Secretary. Property accepted pursuant to this Section, and the proceeds thereof, shall be used as nearly as possible in accordance with the terms of the gift or bequest. For the purposes of Federal income, estate, and gift taxes, property accepted under this section shall be considered as a gift or bequest to the United States.

~~SEC. 419 418.~~ The Secretary shall cause a seal of office to be made for the Department of such device as he shall approve and judicial notice shall be taken of such seal.

~~SEC. 420 419.~~ The Secretary is authorized to establish a working capital fund, to be available without fiscal year limitation, for expenses necessary for the maintenance and operation of such common administrative services as he shall find to be desirable in the interests of economy and efficiency. There shall be transferred to the fund the stocks of supplies, equipment, other assets, liabilities, and unpaid obligations relating to the services which he determines will be performed through the fund. Appropriations to the fund in such amounts as may

be necessary to provide additional working capital are authorized. The working capital fund shall recover from the appropriations and funds for which services are performed, either in advance or by way of reimbursement, amounts which will approximate the costs incurred, including the accrual of annual leave and the depreciation of equipment. The fund shall also be credited with receipts from the sale or exchange of its property, and receipts in payment for loss or damage to property owned by the fund.

SEC. 424 420. To the extent necessary or appropriate to perform functions transferred by this Act, the Secretary may exercise, in relation to the functions so transferred, any authority or part thereof available by law, including Appropriations Acts, to the official or agency from which such functions were transferred.

SEC. 422 421. Except as may be otherwise expressly provided in this Act, all functions expressly conferred by this Act shall be in addition to and not in substitution for functions existing immediately before the effective date of this Act and transferred by this Act.

SEC. 423 422. The Secretary shall, as soon as practicable after the end of each fiscal year, make a report to the President for submission to the Congress on the activities of the Department during the preceding fiscal year. Such report shall include a statement of his goals, priorities and plans for the Department together with an assessment of the progress made toward the attainment of those objectives, the more effective and efficient management of the Department and the coordination of its functions.

SEC. 424 423. The Secretary, when authorized in an appropriation Act, may, in any fiscal year, transfer funds from one appropriation to another within the Department: *Provided*, That no appropriation shall be either increased or decreased pursuant to this section by more than 5 percent of the appropriation for such fiscal year.

SEC. 425 424. There is hereby established a service fund for the Business Development Administration, the ~~Farms and Agriculture Administration~~, the National Transportation Administration, the Labor Relations and Standards Administration, the Social, Economic and Technical Information Administration, the International Economics Administration, and the Secretary. Each such fund shall be available, without fiscal year limitations, for the purpose of providing services on a reimbursable basis for other departments, agencies, and instrumentalities of the Government and for persons outside the Government as authorized by law. The costs of providing such services shall be paid from the appropriate service fund. Proceeds received as reimbursement for services performed with funds from a service fund shall be credited to that fund. Refunds may be made from a service fund

whenever an advance for services is subsequently determined to exceed the cost of such service.

SEC. 426. There are hereby authorized to be appropriated, without fiscal year limitation, such sums as may be provided for from time to time in Appropriation Acts to carry out functions now or hereafter vested in the Secretary.

TITLE V

Transitional and Conforming Provisions

SECTION 501. Whenever all of the functions of a department, agency, or other body, or any component thereof, affected by this Act, have been transferred from that department, agency, or other body, or any component thereof, whether by this Act or by this Act in combination with transfer by another Act, Presidential Reorganization Plan, Executive Order, or otherwise, the department, agency, or other body, or component thereof shall lapse. Whenever a department, agency, or other body, or any component thereof lapses pursuant to the preceding sentence, each position and office therein which was expressly created by Statute or Reorganization Plan or the incumbent of which was authorized to receive compensation at the rate prescribed for an office or position at Level I, II, III, IV, or V of the Executive Schedule (5 U.S.C. 5312-5316) shall lapse.

SEC. 502. Section 101 of title 5 of the United States Code is amended by substituting "Department of Economic Affairs" for "~~Department of Agriculture~~" and by deleting "Department of Commerce" and by deleting "Department of Labor", and "Department of Transportation".

SEC. 503. Section 19(d) of title 3 of the United States Code is amended by substituting "Secretary of Economic Affairs" for "~~Secretary of Agriculture~~", and by deleting "Secretary of Commerce" and by deleting "Secretary of Labor", and "Secretary of Transportation".

SEC. 504. Section 201 of Reorganization Plan No. 2 of 1970 is amended by substituting the "Secretary of Economic Affairs" for the "~~Secretary of Agriculture~~" and by deleting "Secretary of Commerce" and by deleting "Secretary of Labor", and "Secretary of Transportation".

SEC. 505. The Director of the Office of Management and Budget is authorized to make such additional incidental dispositions of functions, personnel, personnel positions, assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds held, used, arising from, available to or to be made available in connection with the functions transferred by this Act as he may deem necessary or appropriate to accomplish the intent and purposes of this Act.

TITLE VI

Savings Provisions

SECTION 601. All orders, determinations, rules, regulations, permits, contracts, certificates, licenses, and privileges—

(1) which have been issued, made, granted, or allowed to become effective by the President, any Federal department or agency or official thereof, or by a court of competent jurisdiction, in the performance of functions which are transferred under this Act; and

(2) which are in effect at the time this Act takes effect; shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked by the President, the Secretary, or other authorized official, a court of competent jurisdiction, or by operation of law.

SEC. 602. (a) The provisions of this Act shall not affect any proceedings pending at the time this section takes effect before any department or agency (or component thereof) functions of which are transferred by this Act; but such proceedings, to the extent that they relate to functions so transferred, shall be continued before the Department. Orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made pursuant to such orders, as if this Act had not been enacted; and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or revoked by the Secretary, by a court of competent jurisdiction, or by operation of law. Nothing in this subsection shall be deemed to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued if this Act had not been enacted.

(b) Except as provided in subsection (d)—

(1) the provisions of this Act shall not affect suits commenced prior to the date this Act takes effect, and,

(2) in all such suits proceedings shall be had, appeals taken, and, judgments rendered, in the same manner and effect as if this Act had not been enacted.

(c) No suit, action, or other proceeding commenced by or against any officer in his official capacity as an officer of any department or agency, functions of which are transferred by this Act, shall abate by reason of the enactment of this Act. No cause of action by or against any department or agency, functions of which are transferred by this Act, or by or against any officer thereof in his official capacity shall abate by reason of the enactment of this Act. Causes of actions, suits,

actions, or other proceedings may be asserted by or against the United States or such official of the Department as may be appropriate and, in any litigation pending when this section takes effect, the court may at any time, on its own motion or that of any party, enter any order which will give effect to the provisions of this section.

(d) If, before the date on which this Act takes effect, any department or agency, or officer thereof in his official capacity, is a party to a suit, and under this Act any function of such department, agency, or officer is transferred to the Secretary or any other official, then such suit shall be continued, with the Secretary or other official, as the case may be, substituted as if this Act had not been enacted.

(e) Final orders and actions of the Secretary or any official or component of the Department in the performance of functions transferred to the Secretary by this Act shall be subject to judicial review to the same extent and in the same manner as if such orders or actions had been made or taken by the officer, department, agency, or instrumentality in the performance of such functions immediately preceding the effective date of this Act. Any statutory requirements relating to notices, hearings, action upon the record, or administrative review that apply to any function transferred to the Secretary by this Act shall apply to the performance of those functions by the Secretary, or any officer or component of the Department.

SEC. 603. With respect to any function transferred by this Act and performed after the effective date of this Act, reference in any other law (including Reorganization Plans) to any department or agency or any officer or office the functions of which are so transferred shall be deemed to refer to the Secretary or other officials in which this Act vests such functions.

SEC. 604. Nothing contained in this Act shall be construed to limit, curtail, abolish, or terminate any function of the President which he had immediately before the effective date of this Act; or to limit, curtail, abolish, or terminate his authority to perform such function; or to limit, curtail, abolish, or terminate his authority to delegate, redelegate, or terminate any delegation of functions.

TITLE VII

Separability

SECTION 701. If any provision of this Act or the application thereof to any person or circumstance is held invalid, the remainder of this Act, and the application of such provision to other persons or circumstances shall not be affected thereby.

TITLE VIII**Effective Date and Interim Appointments**

SECTION 801. (a) The provisions of this Act shall take effect one hundred and twenty days after the Secretary first takes office, or on such earlier date as the President may prescribe and publish in the *Federal Register*, except that any of the officers provided for in title II of this Act may be nominated and appointed, as provided in that title, at any time after the date of enactment of this Act. Funds available to any department or agency (or any official or component thereof), any functions of which are transferred to the Secretary by this Act, may, with the approval of the President, be used to pay the compensation and expenses of any officer appointed pursuant to this subsection until such time as funds for that purpose are otherwise available.

(b) In the event that one or more officers required by this Act to be appointed by and with the advice and consent of the Senate shall not have entered upon office on the effective date of this Act, the President may designate any officer, whose appointment was required to be made by and with the advice and consent of the Senate and who was such an officer immediately prior to the effective date of the Act, to act in such office until the office is filled as provided in this Act. While so acting such persons shall receive compensation at the rates provided by this Act for the respective offices in which they act.

*Department of Economic Affairs Act***SECTION-BY-SECTION ANALYSIS****TITLE I****Declaration of Purpose**

SECTION 101. Declares the purpose of the Act is to establish the Department of Economic Affairs and delineates the mission and objectives of that Department. The mission and objectives of the Department shall be to provide leadership for assuring: full employment with reasonable price stability; effective participation in the world economy; profitable and productive use of economic resources; continuous improvement in America's standard of living; a fair distribution of the benefits of economic growth; and efficient, safe, reliable, and convenient movement of people and economic goods; a stable base to meet national security needs; a safe and healthful work environment; and increased participation of disadvantaged and small business enterprises.

TITLE II**Establishment of Department**

SECTION 201. Establishes the Department of Economic Affairs, provides for the appointment of a Secretary of Economic Affairs who shall head that Department, and provides that the Secretary shall be compensated at the rate prescribed for offices and positions at Level I of the Executive Schedule.

SEC. 202. (a) Provides for the appointment of a Deputy Secretary of Economic Affairs (Level II).

(b) Provides for the appointment of two Under Secretaries (Level III).

(c) Provides for the establishment within the Department of a Business Development Administration, a National Transportation Administration, a Labor Relations and Standards Administration, a Social, Economic and Technical Information Administration, and an

International Economics Administration, each of which is to be headed by an Administrator. Provision is also made for an Associate Administrator for Federal Aviation and an Associate Administrator for Small Business. The Administrators and Associate Administrators are to be appointed by the President with the advice and consent of the Senate at Level III of the Federal Executive Salary Schedule.

(d) Provides for the appointment of five Assistant Secretaries and a General Counsel (Level IV). Appointments for positions designated in (a) through (d) are to be made by the President by and with the advice and consent of the Senate.

(e) Authorizes the Secretary to appoint not more than thirty-seven additional officers at Level IV or Level V of the Executive Schedule, as specified by the Secretary. (See Sec. 102(c) of Reorganization Plan No. 2 of 1970 (OMB).)

(f) Provides that officers appointed pursuant to Section 202 shall perform such functions as the Secretary may prescribe from time to time.

SEC. 203. Provides that the Deputy Secretary shall act for and perform the functions of the Secretary during the absence or disability of the Secretary or during a vacancy in the office of the Secretary. In the event of the concurrent absence or disability of the Deputy Secretary or vacancy in the office of Deputy Secretary, an Under Secretary, Administrator, Assistant Secretary, or the General Counsel would be authorized to act for and perform the duties of the Secretary in accordance with such order of succession as the Secretary shall prescribe.

TITLE III

Transfers

SEC. 301. (a) Transfers to the Secretary all of the functions of the Department of Labor except those enumerated in subsection (b).

(b) Excepts from the transfer from the Department of Labor the Manpower Administration; the Bureau of Employees' Compensation; the Employee Compensation Appeals Board; the Women's Bureau.

SEC. 302. (a) Transfers to the Secretary all of the functions of the Department of Commerce except those enumerated in subsection (b).

(b) Excepts from the transfer from the Department of Commerce the National Oceanic and Atmospheric Administration; functions relating to financial and planning assistance for community development and to public works and development facilities; safety functions with respect to household refrigerators and flammable fabrics; and certain

functions with respect to the regional commissions under the Public Works and Economic Development Act of 1965.

SEC. 303. (a) Transfers to the Secretary all of the functions of the Department of Transportation except those enumerated in subsections (b) through (h).

(b) Transfers the National Transportation Safety Board to the Department.

(c) Transfers the Coast Guard to the Department.

(d) Retains the power of the President to transfer the Coast Guard to the Navy in time of war.

(e) Transfers the functions of the General Counsel of the Department of Transportation under the Uniform Code of Military Justice to the General Counsel of the Department.

(f) Retains the power of the President to transfer the Federal Aviation functions to the Department of Defense.

(g) Excepts from the transfer from the Department of Transportation functions relating to highways; urban mass transportation; functions relating to reasonableness of tolls; and pipeline safety; and certain highway safety functions.

(h) Transfers the St. Lawrence Seaway Development Corporation to the Department of Economic Affairs as a separate entity but transfers the functions of Secretary of Transportation, the Department of Transportation, to the Secretary of the Department.

SEC. 304. (a) Transfers to the Secretary all of the functions of the Small Business Administration except those enumerated in subsection (b).

(b) Excepts from the transfer from the Small Business Administration the function of making disaster and economic injury loans on residential property.

SEC. 305. (a) Transfers to the Secretary the functions of the Federal Mediation and Conciliation Service.

(b) Transfers to the Secretary the functions of the National Institute for Occupational Health and Safety.

(c) Transfers to the Secretary the nonregulatory functions of the National Mediation Board.

(d) Transfers to the Secretary those functions of the Technology Utilization Office of the National Aeronautics and Space Administration, involved directly with utilization, application, and transfer of technology activities relevant to economic development and assistance.

SEC. 306. (a) Transfers functions of the hearing examiners of the existing Departments to hearing examiners of the new Department.

(b) Terminates requirement that the head of one department or agency obtain approval of the head of another department or agency where the functions of both are transferred to the new department.

SEC. 307. Provides that personnel, personnel positions, assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds relating to functions transferred to the Secretary shall follow those functions and be transferred to the Secretary. Appropriations so transferred will be accounted for in accordance with the provisions of section 202 of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 581c) under which transfers of this type normally are made. To the extent that additional incidental adjustments may be needed to accomplish the intent of the Act, section 507 of the Act authorizes the Director of the Office of Management and Budget to make those adjustments. Personnel positions expressly created by statute or Reorganization Plan, personnel occupying those positions on the effective date of the Act, and personnel authorized to receive compensation at one of the rates prescribed by the Executive Schedule (5 U.S.C. 5312-5316) would not be transferred to the new Department by the Act. Those personnel positions would lapse. Persons under the Executive Schedule may be employed by the Department, without loss of pay, under section 309 of the Act.

SEC. 308. Provides that non-temporary personnel, other than personnel entitled to compensation under the Executive Schedule (Level I to V), shall not be separated or reduced in grade or compensation, as a result of the establishment of the new Department, for one year after being transferred to the new Department pursuant to section 307 of the Act. This provision is designed to preclude reductions in force solely as a result of the enactment of this Act for one year after the new Department becomes operational. However, this provision would not preclude the separation or reduction in grade or compensation of any such personnel under the same circumstances that such adverse action could have been taken if this Act had not been enacted—for example, separation for cause or removal from a Schedule C position. (See Sec. 9(h), DOT Act, 80 Stat. 944.)

SEC. 309. A person entitled to Compensation under the Executive Schedule (Level I to V) may, under section 309, be employed by the new Department and if that employment is without break in service and if the duties of the new position are comparable to the duties performed immediately preceding the new appointment, he will be entitled to receive compensation at a rate not less than he received in his previous position for the duration of his service in the new position. (See Sec. 9(i), DOT Act, 80 Stat. 945.)

TITLE IV

Definitions and Administrative Provisions

SECTION 401. (a) Defines "function", "functions", "perform" and "performance" in order to avoid repetitious references to such terms as duties, obligations, powers, authorities, responsibilities, rights, privileges, and activities, and the exercise thereof.

(b) Provides that references in the Act to provisions of law shall be deemed to include, as appropriate, reference thereto as now and hereafter amended or supplemented. This avoids repetitious uses of "as amended" or "as supplemented." It also recognizes that statutory authorities subject to transfer under this legislation may be amended or supplemented by other legislation while this legislation is under consideration or after this legislation is enacted but before it becomes effective. This provision would avoid any issue as to whether statutory authorities transferred by this Act are transferred in their amended forms, and will obviate the need for last minute conforming adjustments in this or any other legislation during final stages of the legislative process.

SEC. 402. (a) Authorizes the Secretary to prescribe such policies, standards, criteria, procedures, rules, and regulations as he may deem to be necessary or appropriate to perform functions now or hereafter vested in him. (See Sec. 203(b)(1), NASA Act, 72 Stat. 426; OEO Act, 42 U.S.C. 2942(n); Sec. 9(e)(1), 80 Stat. 944, DOT Act, 80 Stat. 944; Sec. 7(d) DHUD Act, 79 Stat. 667.)

(b) Directs the Secretary to engage in such policy planning and program evaluation as will promote efficient administration of the Department and assess progress toward the achievement of its mission.

SEC. 403. (a) Authorizes the Secretary to delegate any of his functions to such officers and employees of the Department as he may designate and to authorize successive redelegations of those functions. (See sec. 7(d) of DHUD Act, 79 Stat. 667; Sec. 9(e) of DOT Act, 80 Stat. 944.)

(b) Authorizes the Secretary to establish and modify the internal organization of the department by creating, altering, renaming and discontinuing such organizational units and components as he may, from time to time, deem necessary or appropriate to the performance of any of his functions. However, the Secretary would not be authorized to abolish the "Administrations" created by section 202(c) of the Act, or any other organizational units or components established in, or transferred to the Department by this or any future Act or Reorganization Plan. (This authority is quite similar to that now applicable with respect to the Department of Housing and Urban Develop-

ment and the Department of Justice.) (See also Sec. 203(b)(8), NASA Act, 72 Stat. 430.)

SEC. 404. Authorizes the Secretary to establish, alter, or discontinue and to maintain such State, regional, district, local, or other field offices as he may deem necessary or appropriate to the performance of his functions. This will permit the Secretary to design and establish the best field office system he can devise to assure effective, expeditious, and responsive implementation of the Department's programs. It would also permit him to alter or discontinue that system and establish another system if experience or changed conditions indicate the advisability of such a change.

SEC. 405. Is a standard provision authorizing the Secretary, subject to the civil service and classification laws, to select, appoint, employ, and fix the salaries of such officers and employees, including attorneys, as are necessary to the performance of his functions. (See Sec. 7(c), DHUD Act, 79 Stat. 667.)

SEC. 406. Authorizes the Secretary to obtain the services of experts and consultants at rates not to exceed those prescribed for GS-18 of the General Schedule. (See Sec. 7(e) of the DHUD Act, 79 Stat. 667, as amended by Sec. 906 of the Housing and Urban Development Act of 1970, P.L. 91-609.)

SEC. 407. Is a standard provision authorizing the Secretary to appoint advisory committees to consult with and advise him with respect to the performance of his functions. (See Sec. 7(e) of the DHUD Act, 79 Stat. 667, as amended by Sec. 905, P.L. 91-609; Sec. 9(o) of DOT Act, 80 Stat. 944.)

SEC. 408. (a) Authorizes the appointment, detail, or assignment of members of the Coast Guard, the Commissioned Officer Corps of the National Oceanic and Atmospheric Administration, and the commissioned Regular or Reserve Corps of the Public Health Service to any position in the Department that is not required to be filled by an officer whose appointment is required to be confirmed by the Senate.

(b) Permits members of the Army, Navy, Air Force, and Marine Corps to be detailed for service in the Department under agreements between the Secretary and Secretaries of the Military Departments.

(c) Provides that the status, office, rank, or grade of persons who are appointed, assigned, or detailed to the Department pursuant to this section shall not be adversely affected by service under this Section. (See Sec. 9(d)(1), DOT Act, 80 Stat. 944.)

SEC. 409. Authorizes payment of transportation expenses and per diem to temporary or seasonal employees from the place of their recruitment to the place of their duty and while at the place of such duty. Such expenses would be paid in accordance with chapter 57

of title 5 of the United States Code which relates to similar payments to other Government employees for official travel. (See 7 U.S.C. 2229.)

SEC. 410. Authorizes the Secretary to enter into contracts and agreements, including grant agreements, with public agencies and private organizations and persons. It authorizes payments in lump sum or by installments or in advance or by way of reimbursement. It also authorizes the Secretary to take such steps as he may deem necessary or appropriate to perform his functions. (See Sec. 203(b)(5), NASA Act, 72 Stat. 426.)

SEC. 411. Authorizes the Secretary to acquire facilities required for the maintenance and operation of laboratories, research and testing sites and facilities, quarters, and related accommodations for employees and their dependents and such other special purpose real property as the Secretary deems necessary. Such special purpose facilities and real property could be acquired by purchase, lease, condemnation, or otherwise. General purpose facilities and real property would continue to be acquired by the General Services Administration. The title to all property acquired pursuant to this section would be in the United States rather than in the Secretary of the Department. (See Sec. 203(b)(3), NASA Act, 72 Stat. 426.)

SEC. 412. Authorizes the Secretary to provide, construct, or maintain, as necessary and when otherwise unavailable, certain facilities and services for employees and their dependents at remote locations. Included would be emergency medical services and supplies; food and subsistence supplies; messing facilities; audio-visual equipment, accessories, and supplies for recreation and training; living and working quarters and facilities; and transportation for school-age dependents to the nearest appropriate educational facilities. Reimbursement would be required for the medical treatment and for services and supplies so furnished to employees and their dependents. Charges for these services, or any other services under this Act to private persons or organizations would be determined in accordance with uniform policies, standards, and procedures prescribed by the Office of Management and Budget and with 31 U.S.C. 483a. (See Sec. 9(1), DOT Act, 80 Stat. 946, and 15 U.S.C. 1514.)

SEC. 413. Would authorize the Secretary to permit concessionaires to provide services on property under the custody and control of the Secretary. Concession agreements under this section would have to be in conformity with standards prescribed in regulations issued by the President. (See 16 U.S.C. 580d.)

SEC. 414. Authorizes the Secretary to acquire copyrights and patents, interests therein and licenses thereunder, whenever such acquisitions are necessary or appropriate to the performance of his functions. (See 10 U.S.C. 2386.)

SEC. 415. Authorizes the Secretary to engage in such basic and applied research and development projects and dissemination of information as he may deem necessary or appropriate. (See Title V, Housing and Urban Development Act of 1970, 84 Stat. 1784; Sec. 9(q), DOT Act, 80 Stat. 947.)

SEC. 416. Authorizes the Secretary, within his own discretion or at the request of any persons, firms, organizations, or others, public or private, to make special studies concerning matters within his jurisdiction; to prepare from the records of the Department special compilations, lists, bulletins, or reports; to furnish transcripts or copies of those studies, compilations, and other records; to furnish copies of charts, maps, or photographs; and to provide services incident to the conduct of the regular work of the department. For example, the Department may have a specialized piece of equipment, or persons with specialized knowledge, not available elsewhere and, in appropriate cases, the Secretary would be authorized to make those services available to private persons and to public and private agencies and organizations. This section also authorized the Secretary to undertake joint projects with nonprofit organizations, research organizations, and public agencies and organizations involving matters of mutual interest and to share the costs thereof. As noted with respect to section 412, charges to private persons and organizations under this Act would be determined in accordance with user standards, charges policies, and procedures prescribed by the Office of Management and Budget and 31 U.S.C. 483a. (See P.L. 91-412 Department of Commerce.)

SEC. 417. Authorizes the Secretary to accept, hold, administer, and utilize gifts and bequests. (See Sec. 7(k) of DHUD Act as added by Sec. 905(k) of Housing and Urban Development Act of 1970, P.L. 91-609; Sec. 9(m), DOT Act, 80 Stat. 946.)

SEC. 418. Authorizes the Secretary to prescribe a seal for the Department. (See Sec. 7(g) of DHUD Act, 79 Stat. 667.)

SEC. 419. Authorizes the establishment of a working capital fund to defray necessary expenses arising out of the maintenance and operation of such common administrative services as the Secretary shall find to be desirable in the interest of economy and efficiency. (See Sec. 9(j), DOT Act, 80 Stat. 945; Sec. 7(f), DHUD Act, 79 Stat. 667.)

SEC. 420. Is a technical provision. In certain cases authority under a portion of an Act is transferred to the Secretary by this Act while responsibility for other provisions of the same Act will be retained by the transferring agency. This provision is designed to permit the Secretary to exercise powers vested by the general provisions of any such Act without divesting the transferring agency of authority to exercise those powers with respect to the functions retained by that agency.

SEC. 421. Is designed to make it clear that authority expressly provided by this Act is in addition to any authority that may have ex-

isted prior to the effective date of this Act and is transferred by this Act.

SEC. 422. Requires an annual report to the Congress on the activities of the Department concerning activities during the preceding fiscal year.

SEC. 423. Authorizes the Secretary, when authorized in an appropriation act, to transfer funds from one appropriation to another so long as such transfers do not increase or decrease an appropriation by more than five percent. This does not permit such transfers unless they are authorized in an appropriation act.

SEC. 424. Authorizes the establishment of service funds for each Administration and for the Secretary. These funds would be used to defray the initial costs of reimbursable services provided to other departments and agencies or to persons, agencies, or organizations outside the government.

TITLE V

Transitional and Conforming Provisions

SECTION 501. Provides that whenever all of the functions of a department, agency, or other body, or of any component thereof have been transferred, whether by this Act, or by a combination of Acts, Reorganization Plans, etc. the department, agency, etc., shall lapse. This, in effect, discontinues organization structures when they no longer have functions to perform. This section also provides for the concurrent lapse of all positions in those lapsed organizations which positions were expressly created by statute or reorganization plan or which are Executive Schedule Levels I-V positions. (See Sec. 9(i), DOT Act, 80 Stat. 945.)

SEC. 502. Substitutes the Department of Economic Affairs for the Department of Commerce, and deletes the Departments of Labor and Transportation in the definition of "Executive Department" in Title 5 of the United States Code.

SEC. 503. Substitutes the Secretary of Economic Affairs for the Secretary of Commerce, and deletes the Secretaries of Labor and Transportation in section 19(d) of Title 3 of the United States Code relating to presidential succession.

SEC. 504. Substitutes the Secretary of Economic Affairs for the Secretary of Commerce, and deletes the Secretaries of Labor and Transportation in Reorganization Plan 2 of 1970 relating to membership on the Domestic Council.

SEC. 505. Authorizes the Director of the Office of Management and Budget to make such additional incidental dispositions of functions, positions, personnel positions, assets, liabilities, contract, property, records, appropriation, etc., as may be necessary to carry out the in-

tent and purpose of the Act. This is a standard provision in Reorganization Plans involving inter-agency transfer of functions.

TITLE VI

Savings Provisions

SECTION 601. (a) Is a savings clause that continues the effectiveness of all existing contracts, determinations, rules, regulations, permits, contracts, certificates, licenses, and privileges affected by the Act, until such time as they are otherwise modified or replaced by appropriate authority or otherwise expire. This avoids any inadvertent lapsing or impairment of essential directives, documents, and obligations, and will afford the Secretary sufficient time to deal with these matters in an orderly fashion.

SEC. 602. Is another savings clause that preserves and continues legal proceedings in being on the effective date of the Act. Such proceedings would, in effect, be continued, modified, or terminated as if the Act had never been enacted.

SEC. 603. This is a technical provision. It provides that with respect to functions transferred by the Act, references in laws (including Reorganization Plans) to other officials shall be deemed to be references to the Secretary.

SEC. 604. This is a technical provision. A number of the functions that are transferred by this Act are functions that are vested in the President but were delegated to a transferring agency on the effective date of this Act. Under the terms of the Act those functions are transferred to the Secretary. This section is designed to assure that those administrative delegations of functions by the President do not take on a statutory character that would impair the President's authority to modify, terminate, or transfer these delegated functions in the future.

TITLE VII

Separability

SECTION 701. Is a standard separability clause that avoids the invalidation of the whole Act if a single provision is found to be invalid.

TITLE VIII

Effective Date and Interim Appointments

SECTION 801. Provides that the Act shall become effective 120 days after the Secretary is appointed, or on such earlier date as the President may prescribe and publish in the *Federal Register*. This will give the President time to select, nominate, and appoint the Secretary, and will allow the Secretary sufficient time to arrange and organize the new Department and prepare such rules, regulations, orders, etc., as may be necessary for a smooth transition.

NOTES

THESE NOTES ARE THE PROPERTY OF THE
LIBRARY OF THE UNIVERSITY OF MICHIGAN

THESE NOTES ARE THE PROPERTY OF THE
LIBRARY OF THE UNIVERSITY OF MICHIGAN

THESE NOTES ARE THE PROPERTY OF THE
LIBRARY OF THE UNIVERSITY OF MICHIGAN

THESE NOTES ARE THE PROPERTY OF THE
LIBRARY OF THE UNIVERSITY OF MICHIGAN

THESE NOTES ARE THE PROPERTY OF THE
LIBRARY OF THE UNIVERSITY OF MICHIGAN

TITLE VII

SEVENTH

THESE NOTES ARE THE PROPERTY OF THE
LIBRARY OF THE UNIVERSITY OF MICHIGAN

THESE NOTES ARE THE PROPERTY OF THE
LIBRARY OF THE UNIVERSITY OF MICHIGAN

NOTES

NOTES

**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET**