

THE PRESIDENT'S  
DEPARTMENTAL REORGANIZATION PROGRAM  
  
THE PROPOSED DEPARTMENT OF  
COMMUNITY DEVELOPMENT

*A Summary*



*March 1971*



SUMMARY REPORT  
DEPARTMENT OF COMMUNITY DEVELOPMENT

I. General Background

In his State of the Union Address, President Nixon emphasized the need for "...A sweeping reorganization of the Executive Branch ... if Government is to keep up with the times and the needs of the people." Under the leadership of the President's Advisory Council on Executive Organization (Ash Council) a comprehensive plan to revitalize and modernize the current Federal departmental structure was prepared. One of the basic recommendations was to create a new Department dedicated to community development.

The concept of community development encompasses a broad range of governmental and private sector activities which contribute to a sound physical, social, and economic environment for all communities. Progress in community development means:

- Effective and responsive governmental institutions;
- An adequate supply of housing at reasonable cost;
- Access to a range of basic community facilities and services;
- A balanced and integrated community transportation system; and
- Opportunity for individuals to participate in charting the future development of the community.

To help achieve these objectives the President has proposed the creation of a new Department of Community Development. The new Department will consist of the following major components:

- Urban and Rural Development, administering programs to build up capacities of State and local government, to encourage individual participation in community development and to provide basic public facilities.
- Community Transportation, administering programs to develop balanced and integrated community transportation systems including both public transit and highways.
- Housing, administering programs to produce, manage and maintain adequate housing.

II. The Case for Reorganization

The Federal Government plays a vital supportive role in community development but current responsibilities are severely fragmented and unresponsive to local

needs. In many cases, the ability of State and local government to coordinate and integrate developmental activities at the community level is undermined by the fragmentation.

The Ash Council 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."

This point was clearly illustrated in a recent case in Ohio:

Monroe, Ohio, requested assistance in submitting an application to the Federal Government for sewers in a portion of newly annexed territory.

A State Field Advisor discovered that the community was eligible for grants from the following agencies: The Economic Development Administration, Farmers Home Administration, Department of Housing and Urban Development, and the Ohio Water Development Authority. The location of these agencies is widely scattered: two are located in Columbus, Ohio; one in Huntington, West Virginia; and one in Chicago, Illinois.

The proposed reorganization directly addresses these problems by:

- Providing a central point in the Federal system for formulating policy, advising the President on community development problems and needs, and assigning accountability for Federal performance, thereby reducing the need for interagency coordination and resolution of jurisdictional disputes.
- Establishing a better balance between rural and urban areas in terms of Federal concern and resource allocations.
- Assuring that development of physical aspects of an area are planned within the context of total community needs.

There is no neat dividing line between "urban" and "rural." Small towns and rural areas have many of the same problems as large cities. More over with the passage of time, many smaller communities become urban in character. No longer is there a rationale for splitting the Federal response to the needs of communities based on size alone.

The new Department, by offering a broad range of programs--transportation, housing, and community facilities and services--aimed at total community needs, will move away from the narrow functional orientation which currently exists. A single department will be capable of working with State and local governments from overall planning through execution of key community development activities.

### III. Major Objectives and Functions

The new Department will focus on five major areas in providing Federal support for community development:

1. Strengthen public and private community institutions, including financial and technical assistance to States, areawide agencies and localities to enhance their capacity to coordinate and manage public services, and to plan for growth and development.
2. Encourage and assist citizens, voluntary organizations, and private economic entities to contribute ideas, skills, and resources to solving community problems and meeting community needs.
3. 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 sewer facilities, neighborhood facilities, libraries, parks and open space), for the revitalization of deteriorating neighborhoods and for meeting the special needs of rural areas.
4. 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 in both urban and rural communities.
5. Support the development of balanced and integrated public transit and highway systems, within and between communities. This includes highway construction grants for communities, interstate highway networks linking communities, highway safety improvements and urban mass transit assistance.

Within the new Department, there are logical groupings of programs. Urban and Rural Development programs fall into three broad areas. One would be assistance to State and local government institutions. This would include programs of grants for planning and management, designed to build the capacity of State and local government to make and carry out policy decisions.

A second grouping would cover assistance for community physical development. This would include such programs as Urban Renewal, water, and sewer, open space, rural electric and telephone facilities and regional economic development programs.

The third group of Urban and Rural Development programs would be those which operate through or are designed to encourage involvement by groups of private citizens, or are aimed at providing specialized assistance for individuals. This would include Model Cities, the Community Action and Special Impact programs and disaster assistance.

The Community Transportation programs logically divide into two groupings. One would be the programs which tend to be local in nature, such as urban mass transit. The other would consist of regional and State-oriented programs such as Federal aid highways.

In Housing, again, there tend to be two logical groupings. In one would be the activities related to production of housing (including 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.

#### IV. Organization and Management of The New Department

##### A. 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 (2) strong local level program leadership and coordination through the decentralization of operations to Regional Directors and the sub-regional organization. Program authority will flow from the Secretary through the program Administrators to the Regional Directors. The overall management team of the Department of Community Development is headed by the Secretary and Deputy Secretary and includes the three major program Administrators, two Under Secretaries, four Assistant Secretaries, and the General Counsel.

##### B. Field Organization

The field organization has unique importance for the Department of Community Development. To a much greater extent than other Departments, it will work very closely with local and State governmental entities and 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 opportunities of each community. Cities must be encouraged to create total community development strategies and to fit categorical program assistance for planning, management, development, community services, housing and transportation into these strategies.

##### C. Management Improvements

Through the reorganization program, the new Department can significantly improve the responsiveness of Federal support for communities and their development efforts. Illustrative of the new opportunities for such improvements are:

- Reorientation of evaluation programs: Broader and more comprehensive assessments of the impact of Federal assistance can be undertaken with responsibility for follow-up lodged in a single Department.

- Systems analysis can be applied to community development problems which cross present program and organizational lines. For example, the impact of proposed transportation systems on land utilization, housing patterns, and local economic development can be assessed within a single department which is also accountable for Federal performance in each of these areas.

D. Budget and Manpower Data

The new Department will consist of three major program administrations and one smaller administration (for insurance programs) plus general departmental management and support offices. A breakdown of approximate manpower and budget resources by program area based on FY 1971 data is as follows:

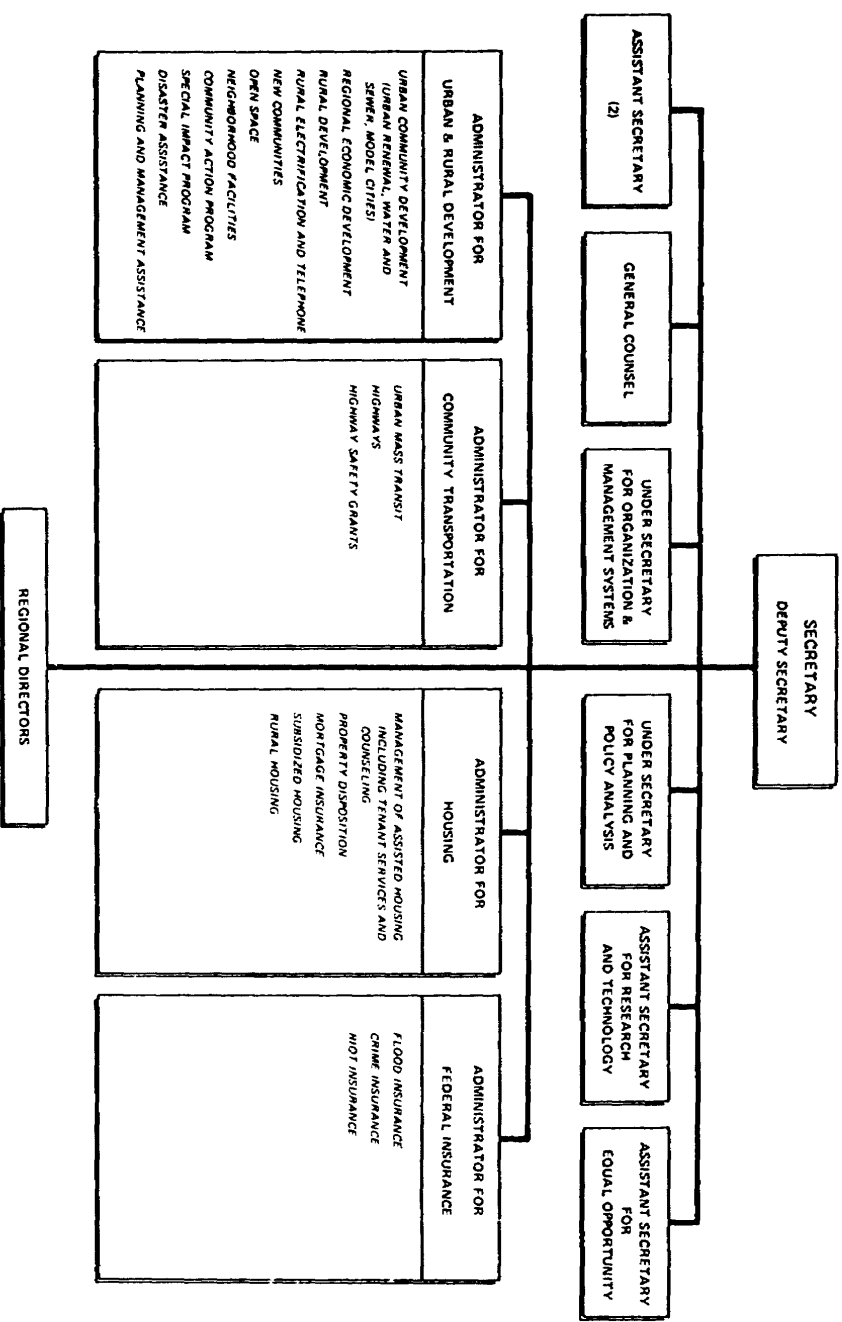
<u>Major Components</u>	<u>FY 1971 Employment</u>	<u>FY 1971 Outlays (\$mil.)</u>
1. Urban & Rural Development	5,897	3,530
2. Community Transportation	4,979	5,059
3. Housing	15,572	934*
4. Federal Insurance Programs	64	(-) 4
5. General Departmental Management	<u>3,465</u>	<u>147</u>
	29,977	9,666

\*Reflects reduction in outlays based on sale of assets.

E. Safeguards for Federal Employees

In accomplishing the reorganization, current plans include provisions to keep disruption to employees to an absolute minimum; utilizing normal turnover to accommodate cut-backs in staff where necessary, and strict avoidance of actions which could adversely affect employees.

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THE PRESIDENT'S  
DEPARTMENTAL REORGANIZATION PROGRAM

THE PROPOSED DEPARTMENT OF  
COMMUNITY DEVELOPMENT

*A Report and Review*



*March 1971*



## DEPARTMENT OF COMMUNITY DEVELOPMENT

I. IntroductionA. President's Reorganization Proposal

President Nixon, in his State of the Union Address on January 22, 1971, proposed a sweeping reorganization of the Executive Branch to provide organizational capabilities that would keep up with 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). The report of the Ash Council has been reviewed within the Executive Branch. 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 is 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 involve national concerns but which he presently must assume because of the absence of workable alternatives. Thus the President's efforts and attention can 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--be rearranged and assigned to four new departments which he described in his State of the Union address.

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

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.

Economic Development (now Economic Affairs) - a department concerned with the growth and health of our economy-- with our jobs, our businesses, our farms, and those many activities that maintain and strengthen the American economy.

B. 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 safe and wholesome living environment for all citizens. Such an environment should provide for an adequate supply of decent housing, accessible and reliable public facilities and services, effective and responsive institutions of government, and opportunities for the participation of private individuals and voluntary organizations in community-wide decisions. The goal of the community development process should be the establishment of vital communities-- in metropolitan and non-metropolitan 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, polarization 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, and in improving the quality of the physical facilities and private institutions which serve our communities. As the responsibilities of state and local governments and the demands upon them grow, their authority must be enhanced, their resources expanded, and their capacity to deliver services improved.

The creation of a new Department of Community Development reinforces the objectives of the President's Revenue Sharing proposals, which also stress 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, the creation of a broad-based Department will permit the Federal Government to relate to communities on the basis of locally determined needs, priorities, and plans for community improvement.

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.

C. 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 decision-making to a strong field organization. The Ash Council Report of 1970 represents part of a consistent theme related to efforts to make the Federal Government more responsive to the needs of today's communities.

D. 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 Departments of Housing and Urban Development and 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 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 sub-dividing the Federal agency regions were drawn before the concept of uniform sub-state 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 Advisor discovered that the community was eligible for grants from the following agencies: the Economic Development Administration, the Farmers Home Administration, the Department of Housing and Urban Development, and the Ohio Water Development Authority. The location of these agencies is widely scattered, placing a heavy burden on the community seeking aid: two are located in Columbus, Ohio, and one in Huntington, West Virginia, and one in Chicago, Illinois.

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 development aid to States, localities and other institutions 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 and highway safety 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 services--under unified Federal leadership as called for by the Ash Council.

## II. Objectives and Functions of the Department

### A. General Objectives

The Department of Community Development will provide assistance to strengthen the capacity of State and local general purpose government and areawide and regional agencies to undertake programs of balanced growth and development. The establishment of this Department recognized the interrelationships among rural, suburban and urban problems and the need to strengthen the essential social and economic partnership between the farms, 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 liveable and vibrant urban America.

Similar and interdependent programs of community development should be located in a single organization. Such a comprehensive organization of programs should not only help communities to deal with their problems, but also to develop their economic and social potential for growth, particularly those in rural areas.

The creation of a broad-based Department of Community Development will make it possible to provide a more focused and integrated response to the full range of community development problems--the steady movement of people from rural to urban areas and from central cities to suburbs and the necessity of counteracting the adverse effects of disorderly, costly and undesirable development and land use.

The Department of Community Development will be directly concerned with the overall developmental process. Its specific missions will be to build up the planning, management and decision-making capacities of State and local governments; to encourage the participation of the private sector (including private economic organizations, non-profit entities, voluntary associations and private individuals) in all phases of community development; to assist communities in providing equal access by all citizens to essential public facilities; to assist localities and regions in providing balanced transportation systems; and to assure an adequate supply of housing.

B. Major Functions

The specific functions of the Department of Community Development are as follows:

1. To strengthen public and private community institutions, including 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 the local government institutions on which such comprehensive development depends.

2. To encourage and assist citizens, private groups and 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 sewer facilities, neighborhood facilities, libraries, parks and open space), for the revitalization of deteriorating neighborhoods and for meeting the special 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 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 maximize private construction of

decent housing at prices citizens can afford, assuring the availability of housing credit in rural areas, and the maintenance of programs of housing subsidies for families with incomes too low to afford decent, safe and sanitary housing.

5. To provide assistance for the development of balanced and integrated transportation systems within and between communities. This function includes highway construction grants for communities and inter-state highway networks linking communities, assistance to State and local governments for highway safety improvements, urban mass transportation assistance, and support for overall State and local transportation planning.
6. To implement disaster assistance and relief programs on behalf of the Federal Government.

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 their demands for private investment. The Department will also assist in the planning, financing and development of new communities.

C. 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 problems and needs, assigning accountability for Federal performance, and reducing the need for interagency coordination and resolution of jurisdictional dispute.

Comments by an official from Little Rock, Arkansas, illustrate 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's State and 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 months later was returned to the same local HUD office for review and concurrence.

- 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. Thus there is no longer a rationale for splitting the Federal response to the needs of communities based on size alone.

- 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 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.

D. Programs of the New Department

Within the new Department, there are logical groupings of programs. For example, Urban and Rural Development programs include three broad areas. One would be assistance to State and local government 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 broad-gauge technical assistance.

A second grouping would cover assistance for community physical development. This would include such programs as urban renewal, water and sewer, 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 third group of Urban and Rural Development programs would be those which operate through or are designed to encourage involvement by groups of private citizens, or are aimed at providing specialized assistance for individuals. This would include Model Cities, the Community Action and Special Impact programs, and disaster assistance.

The Community Transportation programs logically divide into two groupings. One would be the programs which tend to be highly local in nature, such as urban mass transportation. The other would consist of regional and State-oriented programs such as Federal aid to highways. This would permit State and local agencies to deal with a single Federal agency.

In Housing, again, there are two compatible groupings. In one would be the activities related to production of housing (including mortgage insurance and subsidy contracting). The other, quite distinct, 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  
 -- Open Space  
 -- Neighborhood Facilities  
 -- New Community Programs  
 -- Planning Assistance  
 -- Relocation

## Commerce

-- Economic Development Programs  
 -- Regional Commissions

## Appalachian Regional Commission

-- Economic Development Programs

USDA -- Water and Sewer Grants  
 -- Rural Electrification Administration

HEW -- Library Grants

OEO -- Community Action Program  
 -- Special Impact Program

SBA -- Residential Disaster Loans

Community Transportation

DOT -- Federal Highway Administration (excluding  
 Motor Carrier Safety)  
 -- Urban Mass Transit Administration  
 -- Highway Safety Grants

Housing

HUD -- Mortgage Insurance  
 -- Government National Mortgage Association  
 -- 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 account of 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 broader housing programs transferred from HUD, both groups of 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, it is planned that field offices will be retained in locations where they can effectively serve the needs of rural residents.

The second broad category of present Farmers Home Administration assistance is for community physical facilities such as water and sewer 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.

### III. Management and Organization of the Department

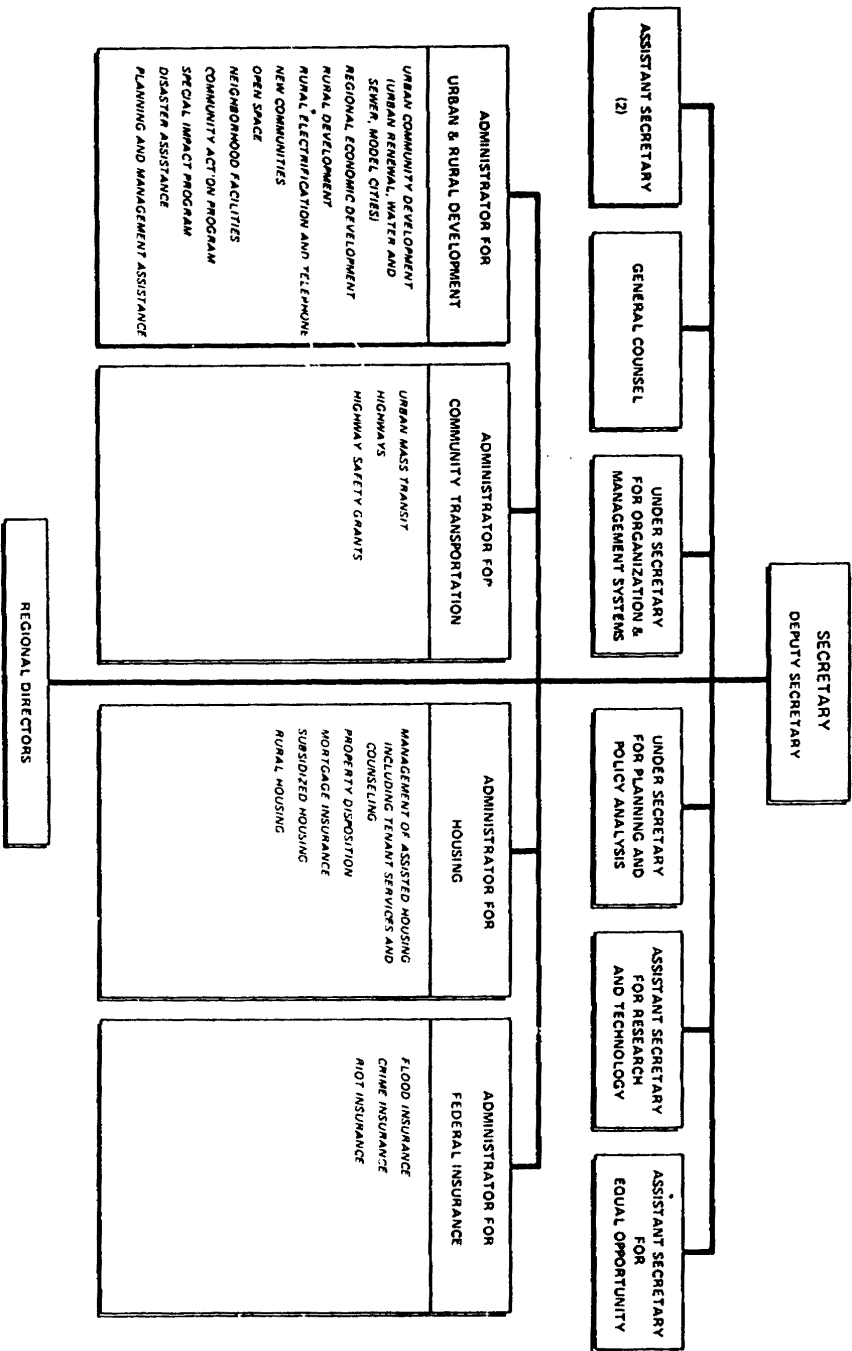
#### A. Basic Management Structure

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 sub-regional organization. Program authority will flow from the Secretary to the program Administrators to the Regional Directors. An overall organization chart appears on page 18.

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.

1. 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 and to effectuate the principle of decentralization. The Secretary will have the authority to allocate the funds, personnel and other department resources to implement Federal programs, making trade-offs between broad program areas such as housing and basic physical facilities. The authority and flexibility of this position would permit the Secretary to mold and adapt the department.

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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.

2. 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.

Two Under Secretaries are proposed, so that the Secretary may assign to an official of that rank responsibility for major departmental functions relating to internal management, budget, personnel, organization, management information systems, audit, field coordination, policy planning and program evaluation. The following two sections discuss an alternative division of responsibilities between the two Under Secretaries that would be appropriate to the new Department.

3. 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 support 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.

4. 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 department-wide 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 its 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, under their broad functional assignment, they would assist the Secretary in matters of department-wide scope but would not exercise line control over the Administrators for operating programs. The effective application of this management concept is dependent on a high degree of teamwork. 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.

5. Assistant Secretaries.

The Secretary and Deputy Secretary will also be served by several assistant secretaries, with department-wide 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 cross-cutting and related to all program groups. Included in this level are the General Counsel, the Assistant Secretary for Equal Opportunity and the Assistant Secretary for Research and Technology.

It is also contemplated that two remaining assistant secretary-level 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 funds for which the Department is responsible, and for assistance to States, localities and other public bodies in raising private capital.

6. 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, Community Transportation and Housing. In addition, there will be a Federal Insurance Administration. This latter unit 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, and Under 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, establishment of goals, priorities, schedules, and the monitoring and evaluation of performance and implementation.

Program authority and resources will flow from the Secretary to the Administrators and from the Administrators to the Regional Directors.

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. The line Administrator will be responsible for the planning and organization of his program, the establishment of its goals and priorities, determining the timetable for program accomplishments, and monitoring and evaluating program implementation.

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 Administrator of Urban and Rural Development 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 both urban and rural areas. It includes the proposed Urban Community Development Special Revenue Sharing (including Urban Renewal, Model Cities, and Water and Sewer Grants), plus other categorical grant and loan programs such as those of Farmers Home Administration (except housing), the programs of the Rural Electrification Administration, library grants, 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 as part of 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 City Demonstrator Agencies, disaster assistance

activities (which are both social and physical) and relocation policies and procedures for all Department programs.

Community Transportation Administration

The Administrator of Community Transportation will be responsible for the large transportation component of community development. This will include the present Federal Highway Administration (excluding Motor Carrier Safety), the Urban Mass Transportation Administration, and highway safety grants. 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. At the same time, however, unlike water and sewer grants, for example, transportation programs have an impact beyond the community and form an integral part of statewide and national systems. Thus, transportation activities would 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.

Housing Administration

The Administrator for Housing 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 farm 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 mortgage servicing, 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.

B. Field Organization

1. Regional Organization

The field organization, in general, and the Regional Director, in particular, has unique importance for the Department of Community Development. To a much greater extent than all other Federal departments, the Department of Community Development deals with local and State governmental entities. The particular mission of this Department relates to strengthening institutions and dealing with strategies of development which affect communities. Thus, in

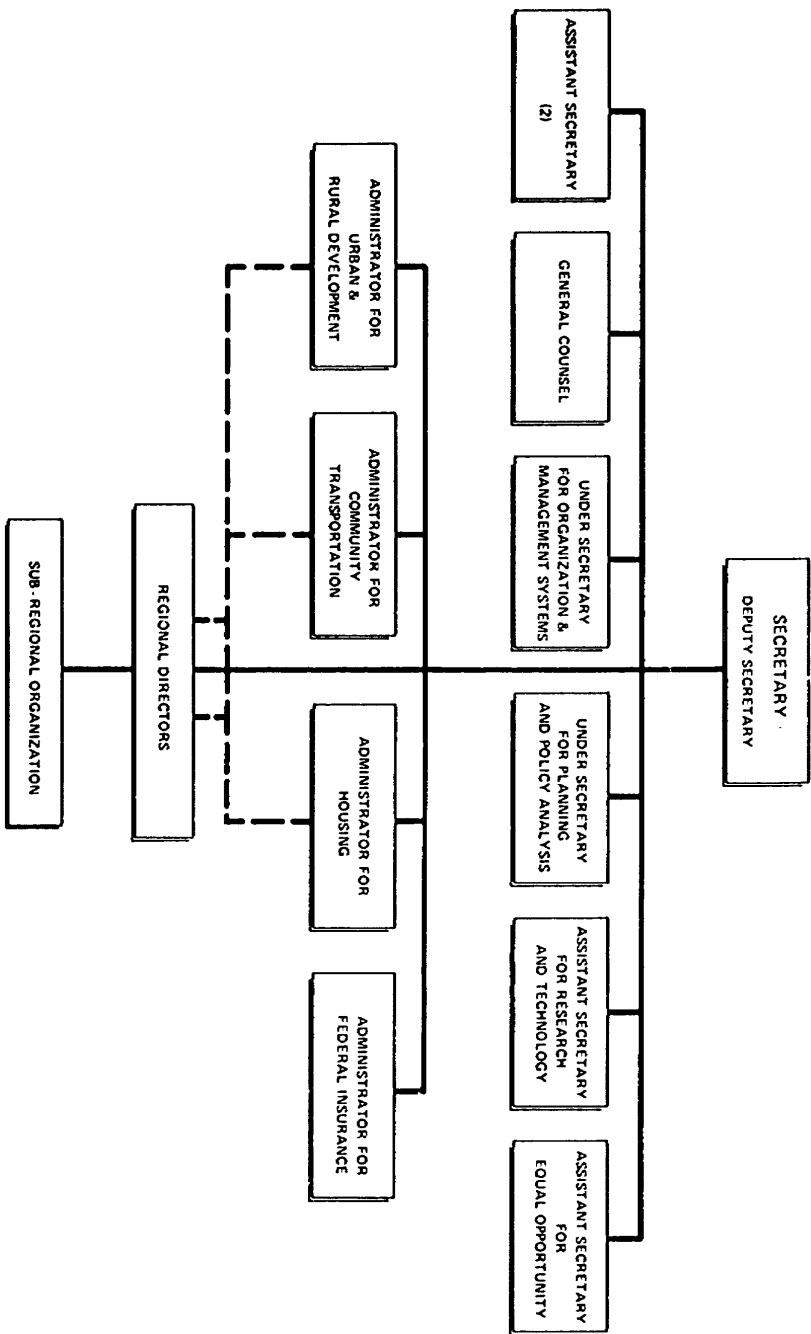
implementing its program responsibilities, the Department of Community Development has a peculiar need to "decentralize." Programs must be coordinated at the State and local levels--and the coordination and implementation of programs must be suited to the particular needs, problems, and opportunities of each community. Cities must be encouraged to create total community 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 appears on page 30.

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 over-all 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 sub-regional 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 sub-regional offices and to States and communities in each Region. As indicated, the Regional

DEPARTMENT OF COMMUNITY DEVELOPMENT FIELD-HEADQUARTERS RELATIONSHIP





Director does not establish program policy but is responsible for coordinated and effective implementation. Therefore, he will have authority 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 with Governors and local officials on the Regional Councils, and with other Federal agencies. 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 sub-regional organization.

2. Sub-Regional Organization

Effective operation of the Department of Community Development along these lines necessarily depends on the capacity of the Department's sub-regional offices and staff to work with individual communities. Genuine decentralization of Federal authority is perhaps more important for this process and these programs than any others. Such program administration will be the primary focus of the Department's sub-regional offices. The Regional Director and his supporting staff at the Regional level, thus, have peculiar responsibilities for this Department--to allocate program funds to sub-regional offices and to

individual 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, and to provide support and technical assistance to both the recipients and the Department's sub-regional staff on the basis of overall community strategies.

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 in the sub-regional office, subject to the direction, guidance, assistance and evaluation of the Regional office. The sub-regional office is responsible for operating and decision-making functions in the field and are the Department's principal point of contact with program participants and sponsors. The directors of the sub-regional 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.

Based on an analysis of the functional and programmatic responsibilities of the Department at the field level weighed against the criteria noted above, an organization is contemplated which consists of comprehensive departmental field offices below the regional level, established at key locations as necessary to carry out the Department's programs.

The Director of a sub-regional office would represent all departmental programs operated below the regional level and 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 sub-regional 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.

The Director of the sub-regional office 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.

3. 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 sub-regional 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 is provided; and
- Clear and direct channels of authority in the field are established.

C. 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 Secretary 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 department-wide manpower system, permitting employees to develop their full potential by working in various programs or cross-cutting functions. Employees will be allowed 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 towards 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 preventative 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 devoted to housing production (or any other objective) 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 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 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 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 sub-regional 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 flows 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 decision-making. 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.



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.

D. Appropriation Structure

The new Department of Community Development 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, it 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 would result in a simplification of the appropriation 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 appropriation 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 other activities for which the requirements for a specific year can be readily estimated. This one-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 Highway Trust Fund and for the various public enterprise funds transferred to the Department. A working capital fund

at the departmental level to finance department-wide 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. 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. Integrating 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.

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 development 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.

F. Impact of Revenue Sharing.

Enactment of the revenue sharing proposals would have a major impact-- at all levels--on the structure of the proposed Department of Community Development (although the special revenue sharing programs, as presently proposed, would have little or no impact 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, somewhat, attention to daily program administration.

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 developmental 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.

IV. 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 FY 1971 data:

<u>Major Components</u>	<u>Fiscal Year 1971</u>	
	<u>Program Level</u> (\$ M)	<u>Employment</u>
Urban and Rural Development.....	3,530	5,897
Community Transportation.....	5,059	4,979
Housing.....	934 *	15,572
Federal Insurance.....	(-)4	64
General Departmental Management.....	147	3,465
	<hr/>	<hr/>
Total.....	9,666	29,977

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\* Reflects Impact of Sale of Assets

A number of departmental programs are included in Special Revenue Sharing. The Urban Community Development proposal will fold in Urban Renewal, Model Cities, Water and Sewer facilities, and Rehabilitation loans. The new program will be funded at a level of \$2.1 billion.

The following programs of the new Department will be included in Rural Community Development Special Revenue Sharing: Rural Water and Sewer grants, Regional Development Programs, Economic Development Assistance, and the Appalachian Regional Commission. Other programs will be included from other Departments. The overall program total will be \$1.1 billion.

The Transportation Revenue Sharing proposal encompasses the following programs from the Department of Community Development: Urban Mass Transportation grants, Highway Safety grants, Federal Highway programs, and Highway Beautification programs. Also included will be the Airport grant program from the Department of Economic Affairs. Funding for the new program will total \$2.6 billion.

V. 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 departments.

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 cut-backs 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 one 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 promotion 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 (Level 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 helps provide for essential continuity of operations during the formative phases of the Department.



**S. 1430**

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**IN THE SENATE OF THE UNITED STATES**

APRIL 1, 1971

Mr. PERCY (for himself, Mr. RIBICOFF, Mr. SCOTT, Mr. GRIFFIN, Mr. JAVITS, Mr. ANDERSON, Mr. BENNETT, Mr. BROCK, Mr. DOMINICK, Mr. GURNEY, Mr. JORDAN of Idaho, Mr. MATHIAS, Mr. MOSS, Mr. MUNDT, Mr. ROTH, and Mr. SAXBE) introduced the following bill; which was read twice and referred to the Committee on Government Operations

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**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.

1       *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*  
3 That this Act may be cited as the "Department of Com-  
4 munity Development Act".

5                                   **TITLE I**6                                   **DECLARATION OF PURPOSE**

7       **SEC. 101. (a) (1)** The Congress hereby declares that  
8 the general welfare of the Nation requires the development,  
9 through growth and renewal, of urban and rural communities

1 which provide for all citizens wholesome living environments  
2 and responsive, equitable and effective service to their  
3 varying needs.

4 (2) The Congress further declares that the attain-  
5 ment of sound community development requires the active  
6 participation of citizens, private institutions, and local, State,  
7 and Federal Governments to achieve and maintain, among  
8 other things, (A) effective and responsible community gov-  
9 ernment, (B) communication and cooperation between  
10 citizens and government, (C) necessary community facili-  
11 ties and services, and (D) an adequate housing supply.

12 (b) To achieve these objectives and improve Govern-  
13 ment operations, the Congress finds that it is in the public  
14 interest to establish a Department of Community Develop-  
15 ment to bring together and provide common leadership to  
16 those Federal activities that bear most directly on, or im-  
17 portantly affect, these objectives, and to effectively co-  
18 ordinate such Federal activities with related activities of  
19 States and local governments, public and private institutions,  
20 and individuals.

21 (c) It shall be the function of the Department of Com-  
22 munity Development, through effective working relation-  
23 ships with State and local governments and public and pri-  
24 vate institutions, including private business organizations, to  
25 assist in the coordinated planning and development of com-

1 munities which assure to all citizens a safe, wholesome  
2 environment and the opportunity to participate fully in the  
3 responsibilities and benefits of community life. In carrying  
4 out that function the Department shall, among other things:  
5 encourage and assist the development and management of  
6 institutions and processes essential to responsible, responsive  
7 and effective community government; encourage and assist  
8 citizens, private groups and organizations to contribute ideas,  
9 skills and resources to solving community problems and  
10 meeting community needs; provide assistance in the plan-  
11 ning, financing, construction, and rehabilitation and main-  
12 tenance of housing, balanced transportation systems, and  
13 other community facilities and services conducive to a safe  
14 and wholesome environment for all citizens; assist research,  
15 development, management, and training activities designed  
16 to foster new, better and more economical means of dealing  
17 with the housing and other problems of community devel-  
18 opment and government; and implement disaster assistance  
19 and relief on behalf of the Federal Government.

## 20 TITLE II

### 21 ESTABLISHMENT OF DEPARTMENT

22 SEC. 201. There is hereby established at the seat of  
23 government an executive department to be known as the  
24 Department of Community Development (hereinafter  
25 referred to as the "Department"). There shall be at the head

1 of the Department a Secretary of Community Develop-  
2 ment (hereinafter referred to as the "Secretary") who shall  
3 be appointed by the President by and with the advice and  
4 consent of the Senate. The Secretary shall receive com-  
5 pensation at the rate now or hereafter prescribed for offices  
6 and positions at level I of the Executive Schedule (5 U.S.C.  
7 5312). The Department shall be administered under the  
8 supervision and direction of the Secretary who shall be  
9 responsible for the efficient and coordinated management of  
10 the Department.

11       SEC. 202. (a) There shall be in the Department a  
12 Deputy Secretary who shall be appointed by the President  
13 by and with the advice and consent of the Senate and who  
14 shall receive compensation at the rate now or hereafter  
15 prescribed for offices and positions at level II of the Execu-  
16 tive Schedule (5 U.S.C. 5313).

17       (b) There shall be in the Department two Under Secre-  
18 taries who shall be appointed by the President by and with  
19 the advice and consent of the Senate and who shall receive  
20 compensation at the rate now or hereafter prescribed for  
21 offices and positions at level III of the Executive Schedule  
22 (5 U.S.C. 5314).

23       (c) There shall be in the Department an Urban and  
24 Rural Development Administration at the head of which shall  
25 be an Urban and Rural Development Administrator, a Com-

1 munity Transportation Administration at the head of which  
2 shall be a Community Transportation Administrator, and a  
3 Housing Administration at the head of which shall be a  
4 Housing Administrator. There shall also be in the Depart-  
5 ment an Associate Administrator for Highways. The Admin-  
6 istrators and the Associate Administrator appointed pursuant  
7 to this subsection shall be appointed by the President by  
8 and with the advice and consent of the Senate and shall  
9 receive compensation at the rate now or hereafter prescribed  
10 for offices and positions at level III of the Executive Schedule  
11 (5 U.S.C. 5314).

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

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

25 (f) Officers appointed pursuant to this section shall

1 perform such functions as the Secretary shall specify from  
2 time to time.

3       SEC. 203. The Deputy Secretary (or in the absence or  
4 disability of the Deputy Secretary or in the event of a  
5 vacancy in the Office of the Deputy Secretary, an Under  
6 Secretary, Administrator, Assistant Secretary, or the Gen-  
7 eral Counsel, determined according to such order as the  
8 Secretary shall prescribe) shall act for and perform the  
9 functions of the Secretary during any absence or disability  
10 of the Secretary or during a vacancy in the Office of the  
11 Secretary.

### 12                                   TITLE III

#### 13                                   TRANSFERS

14       SEC. 301. Except as this title may otherwise provide—  
15       (a) There are hereby transferred to and vested in the  
16 Secretary all of the functions of the Secretary of Housing  
17 and Urban Development, the Department of Housing and  
18 Urban Development, and all officers and components of that  
19 Department (including the Secretary's functions with re-  
20 spect to the Community Development Corporation created  
21 by section 729 of the Housing and Urban Development  
22 Act of 1970 (84 Stat. 1804)) except the functions of the  
23 Secretary of Housing and Urban Development under title  
24 IV of the Housing Act of 1950 (64 Stat. 48, 77; 12  
25 U.S.C. 1749 et seq.) and except that the Community

1 Development Corporation, together with its functions, is  
2 hereby transferred to the Department as a corporate entity  
3 which shall hereafter be designated as the New Community  
4 Development Corporation.

5 (b) There are hereby transferred to and vested in the  
6 Secretary the functions of the Director of the Office of Eco-  
7 nomic Opportunity and of all other officers and components  
8 of that Office under—

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

12 (2) title II of the Economic Opportunity Act of  
13 1964 (78 Stat. 508; 42 U.S.C. 2781-2837) except as  
14 they pertain to (A) special programs provided for in  
15 section 222 (a) of such Act (42 U.S.C. 2809 (a) ), (B)  
16 the research, pilot and demonstration programs provided  
17 for in section 232 of such Act (42 U.S.C. 2825), and  
18 (C) Indian programs and projects conducted under the  
19 authorities of title II of such Act (42 U.S.C. 2781 et  
20 seq.) : *Provided*, That functions with respect to Senior  
21 Opportunities and Services Programs under section 222  
22 (a) (7) of such Act (42 U.S.C. 2809 (a) (7) ) are  
23 transferred to and vested in the Secretary.

24 (c) There are hereby transferred to and vested in the  
25 Secretary the functions of the Secretary of Transportation,

1 the Department of Transportation, and the officers and com-  
2 ponents of the Department of Transportation under—

3 (1) the following laws and provisions of law re-  
4 lating to ground transportation:

5 (A) the Urban Mass Transportation Act of  
6 1964 (78 Stat. 302; 49 U.S.C. 1601 et seq.),

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

9 (C) Reorganization Plan Numbered 2 of 1968  
10 (82 Stat. 1369; 49 U.S.C. 1608 note);

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

14 (A) title 23, United States Code, chapters 1,  
15 2, and 3,

16 (B) the Federal-Aid Highway Act of 1970  
17 (84 Stat. 1713),

18 (C) the Federal-Aid Highway Act of 1968  
19 (82 Stat. 815),

20 (D) the Federal-Aid Highway Act of 1966  
21 (80 Stat. 766),

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

24 (F) the Federal-Aid Highway Act of 1954  
25 (68 Stat. 70),



1 (G) the Act of September 26, 1961 (75 Stat.  
2 670),

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

5 (I) the Highway Beautification Act of 1965  
6 (79 Stat. 1028; 23 U.S.C. 131 et seq. notes),

7 (J) the Alaska Omnibus Act (73 Stat. 141;  
8 48 U.S.C. 21 note prec.),

9 (K) the joint resolution of August 28, 1965  
10 (79 Stat. 578; 23 U.S.C. 101 et seq. notes),

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

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

14 (N) Reorganization Plan Numbered 7 of 1949  
15 (63 Stat. 1070; 5 U.S.C. 133z-15 note, 1964 ed.),

16 and

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

19 (3) the following laws and provisions of law relat-  
20 ing to highway safety and, as related to functions under  
21 those laws, functions with respect to the Highway Trust  
22 Fund:

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

1 (i) the design, construction, and mainte-  
2 nance of highways,

3 (ii) traffic control devices,

4 (iii) identification and surveillance of acci-  
5 dent locations, and

6 (iv) highway related aspects of pedestrian  
7 safety, and

8 (B) title 23, United States Code, section 402  
9 insofar as it relates to grants for highway safety  
10 programs not covered by subparagraph (A) of this  
11 paragraph;

12 (4) the Act of August 1, 1947 (5 U.S.C. 3104),  
13 to the extent that it authorizes scientific and professional  
14 positions which relate primarily to functions transferred  
15 under this subsection which were previously transferred  
16 to the Secretary of Transportation by section 6 (a) of  
17 the Department of Transportation Act (89 Stat. 937;  
18 49 U.S.C. 1655 (a) ); and

19 (5) the following laws and provisions of laws in-  
20 sofar as they relate to the reasonableness of tolls:

21 (A) section 4 of the Act of March 23, 1906  
22 (34 Stat. 85; 33 U.S.C. 494),

23 (B) section 503 of the General Bridge Act of  
24 1946 (60 Stat. 847; 33 U.S.C. 526),

25 (C) section 17 of the Act of June 10, 1930

1 (46 Stat. 552; 33 U.S.C. 498a),

2 (D) the Act of June 27, 1930 (46 Stat. 821;  
3 33 U.S.C. 498b), and

4 (E) the Act of August 21, 1935 (49 Stat.  
5 670; 33 U.S.C. 503 et seq.).

6 (d) There are hereby transferred to and vested in the  
7 Secretary the functions of the Commissioner of Education  
8 under title II of the Library Services and Construction Act  
9 (78 Stat. 13; 20 U.S.C. 355a et seq.).

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

14 (1) the functions of the Rural Electrification  
15 Administration;

16 (2) the functions of the Economic Research Service  
17 in conducting research and service work relating to  
18 economic development of rural areas, and to rural local  
19 government, community organizations, and government  
20 and nongovernment services of a community nature under  
21 section 1 of the Act of June 29, 1935 (7 U.S.C. 427),  
22 and the Agricultural Marketing Act of 1946 (7 U.S.C.  
23 1621 et seq.);

24 (3) the functions of the Farmers Home Admin-  
25 istration—

1 (A) under title V of the Housing Act of 1949  
2 (42 U.S.C. 1471 et seq.), and

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

8 (4) the functions of the Soil Conservation Service  
9 and the Farmers Home Administration under section  
10 32(e) of the Bankhead-Jones Farm Tenant Act (7  
11 U.S.C. 1011 (e)).

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

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

21 (1) the functions of the Secretary of Commerce  
22 under title V of the Public Works and Economic De-  
23 velopment Act of 1965 (79 Stat. 552; 42 U.S.C. 3181  
24 et seq.) relating to economic development regions and  
25 regional commissions, and under section 601 (a) of said

1 Act (42 U.S.C. 3201) insofar as it relates to coordina-  
2 tion of the Federal Cochairmen of the regional commis-  
3 sions;

4 (2) the functions of the Secretary of Transporta-  
5 tion under section 513 of the Public Works and Eco-  
6 nomic Development Act of 1965 (42 U.S.C. 3192);  
7 and

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

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

14 (1) the functions of the Federal Cochairman of the  
15 Appalachian Regional Commission, or his alternate,  
16 under the Appalachian Regional Development Act of  
17 1965 (79 Stat. 5; 40 App. U.S.C. 1 et seq.); and

18 (2) the functions of the Secretary of Transporta-  
19 tion under section 201 of such Act.

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

24 (j) There are hereby transferred to and vested in the  
25 Secretary the functions of the Administrator of the Small

1 Business Administration, the Small Business Administra-  
2 tion, and all officers and components of that Administration  
3 relating to the making of disaster loans with respect to resi-  
4 dential property under subsections 7 (b), 7 (c), and 7 (f)  
5 of the Small Business Act (72 Stat. 389 and 80 Stat. 1319;  
6 15 U.S.C. 636 (b), (c), and (f) ) and under sections 231,  
7 234, 235, 237, 243, and 304 of the Disaster Relief Act of  
8 1970 (84 Stat. 1744).

9       SEC. 302. (a) Functions vested by subchapter II of  
10 Chapter 5 of title 5 of the United States Code in hearing  
11 examiners employed by any department, agency, or com-  
12 ponent thereof, the functions of which are transferred under  
13 ponent thereof, the functions of which are transferred under  
14 the provisions of this Act, shall be vested in hearing  
15 examiners of the Department.

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

23       SEC. 303. Except as provided in the next sentence, the  
24 personnel employed in connection with, and the personnel  
25 positions, assets, liabilities, contracts, property, records, and

1 unexpended balances of appropriations, authorizations, alloca-  
2 tions, and other funds employed, held, used, arising from,  
3 available to or to be made available in connection with the  
4 functions transferred to the Secretary by this Act are, subject  
5 to section 202 of the Budget and Accounting Procedures Act  
6 of 1950 (31 U.S.C. 581c), transferred to the Secretary for  
7 appropriate allocation. Personnel positions expressly created  
8 by statute or reorganization plan, personnel occupying those  
9 positions on the effective date of this Act, and personnel  
10 authorized to receive compensation at the rate prescribed for  
11 offices and positions at level I, II, III, IV, or V of the  
12 Executive Schedule (5 U.S.C. 5312-5316) on the effective  
13 date of the Act shall be subject to the provisions of sections  
14 305 and 501 of this Act.

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

19       SEC. 305. Any person who, on the effective date of  
20 this Act, held a position compensated in accordance with  
21 the Executive Schedule prescribed in chapter 53 of title 5  
22 of the United States Code, and who, without a break in  
23 service, is appointed in the Department to a position having  
24 duties comparable to those performed immediately preceding  
25 his appointment shall continue to be compensated in his new

1 position at not less than the rate provided for his previous  
2 position, for the duration of his service in the new position.

3 TITLE IV

4 DEFINITIONS AND ADMINISTRATIVE PROVISIONS

5 SEC. 401. (a) As used in this Act—

6 (1) references to “function” or “functions” shall  
7 be deemed to include references to duty, obligation,  
8 power, authority, responsibility, right, privilege, and  
9 activity, or the plural thereof, as the case may be; and

10 (2) references to “perform” or “performance”,  
11 when used in relation to functions, shall be deemed to  
12 include the exercise of power, authority, rights, and  
13 privileges.

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

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

21 (b) The Secretary shall engage in such policy plan-  
22 ning and perform such program evaluation analyses and  
23 other studies as may be necessary to promote the efficient  
24 and coordinated administration of the Department and prop-  
25 erly assess progress toward the achievement of its missions.



1       SEC. 403. (a) The Secretary may delegate any of his  
2 functions to such officers and employees of the Department  
3 as he may designate, and may authorize such successive re-  
4 delegations of such functions as he may deem to be neces-  
5 sary or appropriate.

6       (b) The Secretary may, from time to time, establish,  
7 alter, rename or discontinue such organizational units or  
8 components within the Department as he may deem to be  
9 necessary or appropriate, but such authority shall not ex-  
10 tend to the discontinuance of administrations established  
11 within the Department by this Act or to administrations or  
12 other organizational units or components expressly estab-  
13 lished within the Department, by transfer or otherwise, by  
14 future Acts or reorganization plans.

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

20       SEC. 405. The Secretary is authorized, subject to the  
21 civil service and classification laws, to select, appoint,  
22 employ, and fix the compensation of such officers and  
23 employees, including attorneys, as are necessary to perform  
24 the functions now or hereafter vested in him and to pre-  
25 scribe their functions.

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

6       SEC. 407. The Secretary is authorized to appoint, with-  
7 out regard to the civil service laws, such advisory committees  
8 as he may deem appropriate for the purpose of consultation  
9 with and advice to the Secretary in the performance of his  
10 functions. Members of advisory committees, other than those  
11 regularly employed by the Federal Government, while attend-  
12 ing meetings of such committees or while otherwise serving  
13 at the request of the Secretary may be paid compensation  
14 at rates not exceeding those authorized for individuals under  
15 section 5332 of title 5 of the United States Code and, while  
16 so serving away from their homes or regular places of busi-  
17 ness, may be allowed travel expenses, including per diem,  
18 as authorized by section 5703 of title 5 of the United States  
19 Code for persons in the Government service employed  
20 intermittently.

21       SEC. 408. (a) Notwithstanding any other provision of  
22 law, a member of the Coast Guard, the Commissioned Officer  
23 Corps of the National Oceanic and Atmospheric Adminis-  
24 tration, or the commissioned Regular or Reserve Corps of  
25 the Public Health Service may be appointed, detailed, or

1 assigned to any position in the Department other than a  
2 position the occupant of which must be approved by and  
3 with the advice and consent of the Senate.

4 (b) The Secretary is authorized to provide for participa-  
5 tion of military personnel in the performance of his functions.  
6 Members of the Army, the Navy, the Air Force, or the  
7 Marine Corps may be detailed for service in the Department  
8 by the appropriate military Secretary, pursuant to coopera-  
9 tive agreements with the Secretary.

10 (c) Appointment, detail, or assignment to, acceptance  
11 of, and service in any appointive or other position in the  
12 Department under this section shall in no way affect status,  
13 office, rank, or grade which officers or enlisted men may  
14 occupy or hold or any emolument, perquisite, right, privilege,  
15 or benefit incident to or arising out of any such status, office,  
16 rank, or grade, nor shall any member so appointed, detailed  
17 or assigned be charged against any statutory limitation on  
18 strengths applicable to the Armed Forces. A member so  
19 appointed, detailed, or assigned shall not be subject to direc-  
20 tion or control by his armed force or any officer thereof  
21 directly or indirectly with respect to the responsibilities exer-  
22 cised in the position to which appointed, detailed, or assigned.

23 SEC. 409. Notwithstanding the provisions of any other  
24 law, a person who is not a citizen of the United States may  
25 be employed as an expert, scientist, technician, or profes-

1 sional person in connection with the scientific or technical  
2 activities of the Department, if the Secretary deems such  
3 employment to be in the public interest.

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

10       SEC. 411. The Secretary is authorized to enter into such  
11 contracts and agreements, including grant agreements, with  
12 public agencies and private organizations and persons; make  
13 such payments (in lump sum or installments, and in ad-  
14 vance or by way of reimbursement, and with necessary ad-  
15 justments on account of overpayments and underpayments) ;  
16 and generally take such steps as he may deem to be neces-  
17 sary or appropriate to perform functions now or hereafter  
18 vested in him.

19       SEC. 412. The Secretary is authorized to acquire (by  
20 purchase, lease, condemnation or otherwise), construct, im-  
21 prove, repair, operate, and maintain facilities and real prop-  
22 erty. However, such authority shall apply only to facilities  
23 required for the maintenance and operation of laboratories,  
24 research, and testing sitss and facilities, quarters, and related  
25 accommodations for employees and dependents of employees

1 of the Department, and such other special purpose real  
2 property as the Secretary deems to be necessary in and  
3 outside the District of Columbia. The Secretary may,  
4 through the Administrator of General Services, acquire, by  
5 purchase, lease, condemnation, or otherwise, general pur-  
6 pose office and warehouse buildings or parts of buildings  
7 in and outside the District of Columbia for use of the De-  
8 partment. Title to any property or interest therein, real,  
9 personal, or mixed, acquired pursuant to this section shall  
10 be in the United States.

11       SEC. 413. The Secretary, under such terms, at such  
12 rates, and for such periods not exceeding thirty years is  
13 authorized, under regulations prescribed by the President,  
14 to permit the use by concessionaires, including public and  
15 private agencies, corporations, associations, or other orga-  
16 nizations or individuals of any real property, or any facility,  
17 structure, or other improvement thereon, under the juris-  
18 diction of the Secretary. The Secretary may require per-  
19 mittees under this section to recondition and maintain to a  
20 satisfactory standard and at their own expense, the real  
21 property, facilities, structures, and improvements involved.

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

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

3           (2) licenses under copyrights, patents, and ap-  
4 plications for patents; and

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

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

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

25           (2) In the case of nonprofit organizations, research

1 organizations, or public organizations or agencies, the Sec-  
2 retary may engage in joint projects, or perform services, on  
3 matters of mutual interest, the cost of which shall be appor-  
4 tioned equitably, as determined by the Secretary, who may,  
5 however, waive payment of any portion of such costs by  
6 others, when otherwise authorized to do so.

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

18 SEC. 417. The Secretary, when he deems such action  
19 necessary, may make provision for the printing and distribu-  
20 tion of reports and other documents in such number and  
21 in such manner as he deems appropriate, with respect to  
22 matters under his jurisdiction.

23 SEC. 418. The Secretary is authorized to accept, hold,  
24 administer, and utilize gifts, and bequests of property, both  
25 real and personal, for the purpose of aiding or facilitating

1 the work of the Department. Gifts and bequests of money and  
2 proceeds from sales of other property received as gifts or  
3 bequests shall be deposited in the Treasury and shall be dis-  
4 bursed upon the order of the Secretary. Property accepted  
5 pursuant to this section, and the proceeds thereof, shall be  
6 used as nearly as possible in accordance with the terms of  
7 the gift or bequest. For the purposes of Federal income,  
8 estate, and gift taxes, property accepted under this section  
9 shall be considered as a gift or bequest to the United States.

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

13       SEC. 420. The Secretary is authorized to establish a  
14 working capital fund, to be available without fiscal year  
15 limitation, for expenses necessary for the maintenance and  
16 operation of such common administrative services as he  
17 shall find to be desirable in the interests of economy and  
18 efficiency. There shall be transferred to the fund the stocks  
19 of supplies, equipment, other assets, liabilities, and unpaid  
20 obligations relating to the services which he determines will  
21 be performed through the fund. Appropriations to the fund  
22 in such amounts as may be necessary to provide additional  
23 working capital are authorized. The working capital fund  
24 shall recover from the appropriations and funds for which



1 services are performed, either in advance or by way of  
2 reimbursement, amounts which will approximate the costs  
3 incurred, including the accrual of annual leave and the depre-  
4 ciation of equipment. The fund shall also be credited with  
5 receipts from the sale or exchange of its property, and  
6 receipts in payment for loss or damage to property owned  
7 by the fund.

8       SEC. 421. To the extent necessary or appropriate to  
9 perform functions transferred by this Act, the Secretary may  
10 exercise, in relation to the functions so transferred, any  
11 authority or part thereof available by law, including appro-  
12 priations Acts, to the official or agency from which such  
13 functions were transferred.

14       SEC. 422. Except as may be otherwise expressly pro-  
15 vided in this Act, all functions expressly conferred by this  
16 Act shall be in addition to and not in substitution for func-  
17 tions existing immediately before the effective date of this  
18 Act and transferred by this Act.

19       SEC. 423. The Secretary shall, as soon as practicable  
20 after the end of each fiscal year, make a report to the Presi-  
21 dent for submission to the Congress on the activities of the  
22 Department during the preceding fiscal year. Such report  
23 shall include a statement of his goals, priorities, and plans  
24 for the Department together with an assessment of the

1 progress made toward the attainment of those objectives and  
2 toward the more effective and efficient management of the  
3 Department and the coordination of its functions.

4       SEC. 424. The Secretary, when authorized in an appro-  
5 priation Act, may, in any fiscal year, transfer funds from one  
6 appropriation to another within the Department: *Provided,*  
7 That no appropriation shall be either increased or decreased  
8 pursuant to this section by more than 5 per centum of the  
9 appropriation for such fiscal year.

10       SEC. 425. There are hereby established service funds for  
11 the Office of the Secretary, the Urban and Rural Develop-  
12 ment Administration, the Community Transportation Admin-  
13 istration and the Housing Administration. Each such fund  
14 shall be available, without fiscal year limitations, for the  
15 purpose of providing services on a reimbursable basis for  
16 other departments, agencies, and instrumentalities of the  
17 Government and for persons outside the Government as au-  
18 thorized by law. The costs of providing such services shall  
19 be paid from the appropriate service fund. Proceeds received  
20 as reimbursement for services performed with funds from a  
21 service fund shall be credited to that fund. Refunds may be  
22 made from a service fund whenever an advance for services  
23 is subsequently determined to exceed the cost of such service.

24       SEC. 426. There are hereby authorized to be appro-  
25 priated, without fiscal year limitation, such sums as may be

1 provided for from time to time in appropriation Acts to carry  
2 out functions now or hereafter vested in the Secretary.

3 **TITLE V**

4 **TRANSITIONAL AND CONFORMING PROVISIONS**

5 **SEC. 501.** Whenever all the functions of a department,  
6 agency, or other body, or any component thereof, affected  
7 by this Act have been transferred from that department,  
8 agency, or other body, or any component thereof, whether  
9 by this Act or by this Act in combination with transfer by  
10 another Act, Presidential reorganization plan, Executive  
11 order, or otherwise, the department, agency, or other body,  
12 or component thereof shall lapse. Whenever a department,  
13 agency, or other body, or any component thereof lapses  
14 pursuant to the preceding sentence, each position and office  
15 therein which was expressly created by statute or reorganiza-  
16 tion plan or the incumbent of which was authorized to re-  
17 ceive compensation at the rate prescribed for an office or  
18 position at level I, II, III, IV, or V of the Executive  
19 Schedule (5 U.S.C. 5312-5316) shall lapse.

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

1       SEC. 503. Section 101 of title 5 of the United States  
2 Code is amended by substituting "Department of Com-  
3 munity Development" for "Department of Housing and  
4 Urban Development."

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

9       SEC. 505. Section 201 of Reorganization Plan Num-  
10 bered 2 of 1970 is amended by substituting "Secretary of  
11 Community Development" for "Secretary of Housing and  
12 Urban Development."

13       SEC. 506. The Director of the Office of Management and  
14 Budget is authorized to make such additional incidental  
15 dispositions of functions, personnel, personnel positions  
16 assets, liabilities, contracts, property, records, and unex-  
17 pended balances of appropriations, authorizations, alloca-  
18 tions, and other funds held, used, arising from, available to  
19 or to be made available in connection with the functions  
20 transferred by this Act as he may deem necessary or ap-  
21 propriate to accomplish the intent and purposes of this Act.

## 22                                   TITLE VI

### 23                                   SAVINGS PROVISIONS

24       SEC. 601. All orders, determinations, rules, regulations,  
25 permits, contracts, certificates, licenses, and privileges—

26                   (1) which have been issued, made, granted, or

1 allowed to become effective by the President, any Fed-  
2 eral department or agency or official thereof, or by a  
3 court of competent jurisdiction, in the performance of  
4 functions which are transferred under this Act; and

5 (2) which are in effect at the time this Act takes  
6 effect; shall continue in effect according to their terms  
7 until modified, terminated, superseded, set aside, or re-  
8 voked by the President, the Secretary, or other au-  
9 thorized official, a court of competent jurisdiction, or by  
10 operation of law.

11 SEC. 602. (a) The provisions of this Act shall not affect  
12 any proceedings pending at the time this section takes effect  
13 before any department or agency (or component thereof)  
14 functions of which are transferred by this Act; but such  
15 proceedings, to the extent that they relate to functions so  
16 transferred, shall be continued before the Department. Orders  
17 shall be issued in such proceedings, appeals shall be taken  
18 therefrom, and payments shall be made pursuant to such  
19 orders, as if this Act had not been enacted; and orders issued  
20 in any such proceedings shall continue in effect until modified,  
21 terminated, superseded, or revoked by the Secretary, by a  
22 court of competent jurisdiction, or by operation of law.  
23 Nothing in this subsection shall be deemed to prohibit the  
24 discontinuance or modification of any such proceeding under  
25 the same terms and conditions and to the same extent that

1 such proceeding could have been discontinued if this Act had  
2 not been enacted.

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

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

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

9 (c) No suit, action, or other proceeding commenced  
10 by or against any officer in his official capacity as an officer  
11 of any department or agency, functions of which are trans-  
12 ferred by this Act, shall abate by reason of the enactment  
13 of this Act. No cause of action by or against any department  
14 or agency, functions of which are transferred by this Act,  
15 or by or against any officer thereof in his official capacity  
16 shall abate by reason of the enactment of this Act. Causes  
17 of actions, suits, actions, or other proceedings may be  
18 asserted by or against the United States or such official  
19 of the Department as may be appropriate and, in any litiga-  
20 tion pending when this section takes effect, the court may  
21 at any time, on its own motion or that of any party, enter  
22 any order which will give effect to the provisions of this  
23 section.

24 (d) If, before the date on which this Act takes effect,  
25 any department or agency, or officer thereof in his official

1 capacity, is a party to a suit, and under this Act any func-  
2 tion of such department, agency, or officer is transferred to  
3 the Secretary or any other official, then such suit shall be  
4 continued, with the Secretary or other official, as the case  
5 may be, substituted, as if this Act had not been enacted.

6 (e) Final orders and actions of the Secretary or any  
7 official or component of the Department in the performance  
8 of functions transferred to the Secretary by this Act shall  
9 be subject to judicial review to the same extent and in the  
10 same manner as if such orders or actions had been made  
11 or taken by the officer, department, agency, or instru-  
12 mentality in the performance of such functions immediately  
13 preceding the effective date of this Act. Any statutory re-  
14 quirements relating to notices, hearings, action upon the  
15 record, or administrative review that apply to any function  
16 transferred to the Secretary by this Act shall apply to the  
17 performance of those functions by the Secretary, or any  
18 officer or component of the Department.

19 SEC. 603. With respect to any function transferred by  
20 this Act and performed after the effective date of this Act,  
21 reference in any other law (including reorganization plans)  
22 to any department or agency or any officer or office the  
23 functions of which are so transferred shall be deemed to  
24 refer to the Secretary or other officials in which this Act  
25 vests such functions.





1 tary by this Act, may, with the approval of the President, be  
2 used to pay the compensation and expenses of any officer  
3 appointed pursuant to this subsection until such time as funds  
4 for that purpose are otherwise available.

5 (b) In the event that one or more officers required by  
6 this Act to be appointed by and with the advice and consent  
7 of the Senate shall not have entered upon office on the effec-  
8 tive date of this Act, the President may designate any offi-  
9 cer, whose appointment was required to be made by and  
10 with the advice and consent of the Senate and who was such  
11 an officer immediately prior to the effective date of the Act,  
12 to act in such office until the office is filled as provided in this  
13 Act. While so acting such persons shall receive compensa-  
14 tion at the rates provided by this Act for the respective  
15 offices in which they act.

