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THE WHITE HOUSE

WASHINGTON

May 29, 1985

MEMORANDUM FOR FRED F. FIELDING

FROM: JOHN G. ROBERTS JGR

SUBJECT: Grace Commission

For the past several weeks Mike Horowitz has been explaining to Al Kingon why it would be inadvisable to issue an Executive Order establishing a formal advisory committee to implement the recommendations of the Grace Commission. Kingon has apparently had preliminary discussions with Grace's people looking to the creation of such an entity. Now Kingon has asked for your views on Horowitz's memoranda.

I quite agree with Horowitz that it would be a disaster to establish an "advisory" committee of the private sector executives to implement the Grace Commission recommendations. As you well know, the Grace Commission itself presented an unending parade of legal problems. A successor commission to implement the advice of the first Grace Commission would present all those problems, and more. Horowitz has detailed the most serious in his memoranda:

1. Under the Federal Advisory Committee Act, advisory committees may be utilized solely for advisory functions, "unless otherwise specifically provided by statute or Presidential directive." 5 U.S.C. App. II § 9(b). Thus, an Executive Order of the sort contemplated would have to specifically provide operational authority for this second Grace Commission, which would create an uproar in view of the controversial nature of the original Commission's recommendations. Further, the new commission could not operate for more than one year without congressional authorization, in view of the requirements of 31 U.S.C. § 1347.

2. Grace wants the new commission to work closely with high-level executive branch officials. Creation of a formal advisory committee would hinder this objective, since such meetings would arguably become meetings of the advisory committee, subject to notice, FOIA, etc.

3. Under the Federal Advisory Committee Act, the new commission would (arguably) have to be "balanced," 5 U.S.C. App. II § 5, and no commission of the sort envisioned by Grace would satisfy this requirement. You will recall that

Judge Gesell ruled in National Anti-Hunger Coalition v. Executive Committee of the PPSSCC that the original Grace Commission was balanced in view of its "limited function" of providing cost-control advice; a different ruling could attend a commission with broader operational responsibilities.

4. Serious conflict of interest problems arose from having corporate CEOs scrutinizing the internal workings of agencies charged with regulating their businesses. The problems would be magnified if the members of the new commission were to be charged with implementing the Grace recommendations with respect to those same agencies.

The attached draft memorandum for Kingon notes your agreement with Horowitz that the legal problems are well-nigh insurmountable.

Attachment

THE WHITE HOUSE

WASHINGTON

May 29, 1985

MEMORANDUM FOR ALFRED H. KINGON
CABINET SECRETARY

Orig. signed by FFF

FROM: FRED F. FIELDING
COUNSEL TO THE PRESIDENT

SUBJECT: Proposed Successor to the Grace Commission

I have reviewed the various memoranda prepared by Mike Horowitz on a possible Executive Order to establish a new federal advisory committee to implement the recommendations of the first Grace Commission, and I find it impossible to disagree that the legal problems associated with such an effort would be practically insurmountable. The original Grace Commission itself presented myriad legal problems, culminating in litigation, and a reprise focused on implementation would present even more serious difficulties.

As a Federal advisory committee, the new commission would be subject to the Federal Advisory Committee Act (FACA), 5 U.S.C. App. II. Meetings would generally have to be publicly noticed and open to the public, and committee documents would be subject to the Freedom of Information Act. Meetings of the committee or members of the committee with Government officials could be considered committee meetings covered by FACA, compromising the confidentiality of executive branch deliberations. If Grace's goal is access to Government officials, this would be hindered rather than helped by formation of an advisory committee.

Under FACA, a specific Presidential directive is necessary before an advisory committee can go beyond solely advisory functions. 5 U.S.C. App. II § 9(b). Such a grant of authority to a committee of private citizens would be very controversial, and could be seen as an abdication by the President of his own responsibilities. If no such grant of authority were given, the new committee would be constantly subject to challenge as its "advice" became more focused on implementing the earlier commission's recommendations. Even if the new committee were granted operational authority by the President, such authority could not last beyond one year without congressional authorization. 31 U.S.C. § 1347.

Under FACA, an advisory committee must be "balanced." Judge Gesell ruled that the original Grace Commission Executive Committee did not violate this requirement in view of its "limited function." A new committee with a focus on implementation, rather than simply providing cost-cutting advice, would be subject to a new challenge.

Serious conflict of interest problems were presented by the original Grace Commission, as corporate executives on the Commission scrutinized the internal workings of agencies charged with regulating their businesses. Members of a new commission focused on implementation of the Grace Commission recommendations would raise even more serious conflicts questions. It may be necessary to ensure that the members are "conflict free," which would probably eliminate most of the individuals suggested by Grace from service on the new commission.

In sum, I cannot recommend creation of a Federal advisory committee successor to the Grace Commission. Such a committee is likely to be so hobbled by legal requirements and challenges that it would not be able to fulfill the role envisioned by Grace. Nor am I convinced that this is altogether bad. Implementation of the Grace Commission recommendations strikes me as within both the ability and responsibility of the normal organs of Government.

cc: Michael Horowitz
Counsel to the Director
Office of Management and Budget

FFF:JGR:aea 5/29/85
bcc: FFFielding
JGRoberts
Subj
Chron

THE WHITE HOUSE

WASHINGTON

May 29, 1985

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cc: Michael Horowitz
Counsel to the Director
Office of Management and Budget

FFF:JGR:aea 5/29/85
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WHITE HOUSE
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Name of Correspondent: Michael Horowitz

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Subject: Grace Commission

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Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
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Referral Note:					
[illegible]	A	85/05/20			/ /
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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MEMORANDUM

May 20, 1985

TO: Fred Fielding

FROM: Michael Horowitz MH

Your help will be appreciated on this one. Kingon indicated on Thursday that he is now persuaded against a "broadly mandated" EO, but given the fact that he and Regan appear to have made prior commitments to Grace to set one up, a word from you is likely to be necessary.

cc: Joe Wright

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 20, 1985

MEMORANDUM TO: Al Kingon

FROM: Mike Horowitz MH

SUBJECT: Advisory Board for Cost Control--Proposed Grace Commission Follow-up

Following Thursday's meeting, this memorandum memorializes various legal and policy problems reasonably sure to flow from a "broadly" mandated new Grace Commission. As indicated at the meeting, I believe that Peter Grace's principal need -- access to government officials -- would be seriously compromised by the creation of a federal advisory committee. Such committees are ordinarily created to give federal technical and financial support, and an official imprimatur, to the deliberations and recommendations of a body of private citizens. Grace obviously has no such needs, and the requirements that he will have to create "Chinese walls" between his foundation and the Citizens Against Waste group, on the one hand, and the advisory committee on the other will be bureaucratic and troublesome for him, and highly likely to be deemed inadequate by the courts.

Accordingly, my strong suggestion is that you make clear to Grace that his people will be free to meet with key agency heads and Administration officials -- will have their requisite access and impact -- but that the establishment of an advisory committee (with its predictable barrage of court suits) would make it more difficult for such access to exist.

Some of the legal and policy problems surrounding the establishment of the advisory committee are set forth below:

1. The Advisory Board would have severe legal problems under the Federal Advisory Committee Act and other applicable laws.

o FACA groups are subject to the Freedom of Information Act, and meetings of these groups (and sub-groups) must be open to the public and advertised in the Federal Register. The privileged status of White House deliberations could be seriously compromised if disclosed to even one such FACA group, or if its members were allowed to be present and participate. A court could well hold that, by divulging discussions or offering access to the Board, the President had waived the deliberative privilege. The problem is quite real. A Nader group already has informed OMB that it intends to sue under FOIA for release of notes of policy meetings held in the Roosevelt Room in which Grace Commission members participated.

- Government bodies are prohibited from using appropriations for "publicity or propaganda purposes" -- that is, lobbying. This restriction will apply to a Grace Advisory Committee, and establishment of a Committee will create enormous problems in wholly separating the Citizens Against Waste affairs from the Committee. As the leadership and membership of the two will overlap, the courts are likely to ignore "Chinese wall" distinctions.

- FACA requires that Commissions have "balanced representation" from interested groups. The Grace Commission had substantial problems on this issue; at one point, a district judge held that it was illegally constituted because it did not have representatives for the poor. While we ultimately managed to finesse the problems for the PPSSCC (which was a one-shot, advisory effort), the problem could be severe for an on-going implementation review group. The intended board (CEO's with Grace experience) is vulnerable to <u>very</u> bad FACA precedents on the "balanced representation" issue; it is not beyond the pale that a court would mandate the addition of Nader, "poor person" representatives to the group.

- If FACA groups exercise operational, as opposed to purely advisory functions, they must be authorized by Congress or they automatically lapse after one year. The purposes of the Advisory Board go well beyond the advice-giving role. Thus, we would shortly have to go to Congress for a formal charter. Heavy opposition could be expected.

2. As a policy matter, the fundamental problem is that, in order to fulfill its mission of on-going review of the implementation of Grace recommendations, the Advisory Board would have to have constant access to EOP and senior agency policy making discussions and processes. This poses several problems:

- Policy formulation and implementation at this level are among the core functions of the Presidency, and sharing or appearing to share responsibility (and the credit or blame) with an official, but private group will generate heavy opposition in Congress.

- o As the PPSSCC has already issued its report, the question will be raised as to whether and why the Administration still needs an official FACA body to "assist" it in reaching further policy and implementation decisions regarding that report.

- o The "primary focus" of the Board's attention would be Grace proposals "not yet acted upon." These include the most sensitive issues (taxing welfare benefits; military commissaries; military retirement). The Board's members should not be seen as participating in Administration policy decisions on such vital matters.

- o The Board could also overlap with other efforts (i.e., CCMA; Reform '88).

3. The Congressional/public relations problems are closely linked to the legal and policy problems -- in particular, the actual or apparent conflict of interest problems with one particular group (CEOs) having preferential access to White House deliberations and governmental actions that affect their industries. An additional potential problem relates to the appearance, if not the reality that a private foundation will be raising funds to finance an officially sanctioned Advisory Group.

4. In sum, Grace does not need a further Presidential blessing in the form of an Executive Order, and the White House staff does not need the policy and legal problems that creation of a FACA group inevitably would entail.

5. As you know, we have identified several vital areas where advisory groups could make real contributions toward improving the efficiency of Federal government -- including cash management, credit management and procurement. The financial and managerial expertise of senior private sector executives could be of great help, and discrete FACA advisory groups could be established for these areas without creating the policy and legal problems noted above. You may wish to encourage Grace to consider this approach as a supplement to his other, on-going efforts if he still wishes some sort of FACA vehicle.

cc: Joe Wright
    Fred Fielding

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Date Correspondence Received (YY/MM/DD) ___ / ___ / ___

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Subject: Proposed Successor to Grace Commission

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Fred Fielding

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAY 9 1985

MEMORANDUM FOR: Al Kingon

FROM: Mike Horowitz MH

SUBJECT: Proposed Successor to Grace Commission

Attached for your information is a copy of the memorandum that I sent to Fred Fielding describing the problems we identified with the original proposal to create by Executive Order a successor to the Grace Commission.

In light of the substantial nature of these concerns, the matter needs to be handled carefully with J.P., because it simply is not feasible to create the kind of institutionalized "Kitchen Cabinet", intimately involved in policy discussions surrounding implementation of Grace recommendations, that he originally proposed.

As we discussed Tuesday, however, there are several areas where it would be perfectly appropriate and very useful to have a high-level advisory board of senior private sector managers to review the government's efforts to implement Grace and make periodic recommendations how our efforts could be improved. It would be a substantial accomplishment if we could persuade J.P. to move in this direction.

There appear to be three alternatives for proceeding from here:

- o Submit legislation to Congress establishing a Watchdog Group to help with implementation of the Grace report.

The advantages of this approach are that, if adopted, the bill would lay to rest the difficult legal, policy and Congressional relations issues presented by recent proposals, and the submission of the bill itself would relieve pressure from the Grace Commission people to make certain that their report is not simply filed and forgotten. The disadvantage of this approach is that Congress, and Jack Brooks in particular, is opposed to many of the Grace recommendations and would be strongly opposed to the bill. On balance, this does not appear to be an attractive option.

- o Establish advisory groups by Executive Order to assist our implementation efforts in areas where the financial and managerial expertise of the members could be of real help.

The advantages of this approach are that the President can take this step on his own initiative, and that by careful drafting of the Orders (including, in particular, a one-year life for such entities), we can avoid the legal and other problems described in my memorandum. We have identified several vital areas, related to ongoing Reform '88 efforts, where the group could make a real contribution--including the whole area of procurement reform; cash management by the government; and credit policies. The problem here, however, is that these are not cosmic questions and they raise management, rather than grand policy issues; J.P. may feel that this focus would not be sufficiently attractive to engage the interest of his prospective members.

- o Create, at some point in the future, a general purpose Advisory Committee to review implementation efforts for the entire range of issues covered by the Grace report.

This approach most closely approximates the broad scope of the group envisioned by J.P. Since the Grace report has just been submitted, however, some time logically should elapse before we ask the private sector to evaluate our success in implementing those recommendations. The downside to this approach, of course, is that J.P. is interested in immediate follow-up.

On balance, the second alternative appears to provide the best method of approaching what J.P. wants to do, consistent with what the law and political constraints will permit us to do.

cc: Joe Wright
Fred Fielding

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MEMORANDUM April 30, 1985

To: Fred Fielding

From: Mike Horowitz MH

Subject: Grace Commission Executive Order

Per our conversation, I am attaching a copy of the March 22 letter of J. P. Bolduc to Al Kingon calling for Executive Order establishment of a Federal Advisory Committee designed to implement the Grace Commission recommendations. I am also attaching a brief April 29 cover memo from Jack Hall (whom I understand to be on Kingon's staff) to Joe Wright and Don Moran, together with his draft decision memoranda proposing issuance of the Order.

The fundamental policy problem with the proposal is, as you know, that in order to fulfill its goal of providing advice re on-going business about management of the government, the Watchdog Group will need constant access to EOP and senior agency policy making discussions and processes. This poses several problems (the analogous legal concerns are discussed below):

- o Policy formulation and implementation at this level is among the core functions of the Presidency, and the responsibility (and the credit or blame) should be the Administration's and should not be shared with a private group. For this reason, no modern day "Kitchen Cabinet", however valuable to a President, has ever been formally established in the way Boluc recommends.

- o The policy process could be inhibited if members of a Commission routinely participated in or had access to the decisionmaking machinery.

- o Routine access is likely to create an appearance of bias in administration of the government. This was a problem with the Grace Commission, but would be worse for a continuing body concerned with implementation issues. The problem would be exacerbated when (as is inevitable) Watchdog members are involved with policies or programs that affect their own industries -- and are raising the funds to support the group.

The Congressional/public relations problems are the flipside of the policy problems:

- o The apparent reduction in accountability of Presidential appointees from the transfer of responsibility to the private commission;

- o Equity concerns raised by preferential access to the policy process; and

- o Conflict of interest problems, real or apparent, <u>especially because of the private sector financing aspect</u>.

In this respect, the proposal to include Jack Andersen on the Commission is particularly troublesome. Some will oppose "letting the fox into the chicken coop"; others will accuse us of attempting to coopt the press or playing favorites for political ends.

The legal problems presented by the proposal are so severe that, in and of themselves, they are in my opinion sufficient to block the proposal in its current form.

- o The privileged status of Executive Branch policymaking deliberations could be seriously compromised if disclosed to even one such private sector group. A court could well hold that, by divulging discussions or offering access to one group, the President had waived the deliberative privilege. Since groups created under the Federal Advisory Committee Act are subject to FOIA, creation of the Watchdog under that Act would pose a threat to our ability to preserve the confidentiality of top-level communications.

- o FACA, as you know, has a provision calling for balanced representation from interested groups. The Grace Commission had substantial problems on this point; at one point, despite our contrary construction of the statute, Judge Gesell nonetheless held that the Commission was illegally constituted because it did not have representatives for the poor. While we ultimately managed to finesse the problems for the PPSSCC (which was a one-shot effort), the problem could be severe for a continuing group like the Watchdog Group. The intended board (CEO's with Grace experience) is vulnerable to <u>really</u> bad FACA precedents on the "balanced representation" issue.

- If FACA groups exercise operational, as opposed to advisory, functions, they must be authorized by Congress or they automatically lapse after one year. The purposes of the Watchdog group almost surely will take it beyond the advice-giving role. Thus, we would shortly have to go to Congress for a formal charter. Heavy opposition could be expected.

In sum, the

- conflict of interest;
- FOIA;
- "operational responsibility";
- "balanced representation"; and
- overlap (with, e.g. CCMA and Reform 88)

problems are highly daunting, to say the least. At a minimum, considerable discussion and negotiation is in order before anything approaching an Executive Order can be issued in this highly sensitive policy/political/legal area.

cc: Joe Wright

THE WHITE HOUSE
WASHINGTON

April 29, 1985

JOE WRIGHT
DON MORAN ✓

Attached is a revised draft of a proposed President's Advisory Board on Cost Control, suggested by J. Peter Grace, with D.T. Regan. It has been approved by A.H. Kingon for discussion with JP Bolduc, however, Al wanted to ensure that we had OMB - Joe and Dave Stockman's - ok.

I would be happy to discuss this with you.

JACK HALL
x2871

DRAFT

4/29/85

J. P. Hall

PROPOSAL: Appoint a Presidential advisory board from the private sector to help the Federal Government manage more effectively and efficiently. It will be called the President's Advisory Board for Cost Control.

OBJECTIVE: To provide an external catalyst for implementation of as many of the 2,478 PPSS recommendations adopted by the Administration as possible, as well as to identify other cost saving ideas for government agencies.

To provide an on-going focus and resources for cost reduction and the elimination of waste and inefficiency once the Administration has completed its review and reached decisions on the PPSS recommendations.

MISSION: Review the implementation of the PPSS recommendations with primary focus upon those not yet acted upon.

Provide private sector assistance in evaluating and implementing major cost saving reforms.

Stimulate and encourage debate on other cost saving ideas recommended by government agencies and individuals.

MEMBERSHIP: Chaired by J. Peter Grace, the Board will be comprised of a maximum of 25 outstanding leaders from the private sector, a number of whom previously served on the PPSS Executive Committee.

ORGANIZATION: The Board will function as a single entity. Specific activities and initiatives will be assigned to individual sub-committees, chaired a member of the Board.

Sub-committees may draw upon additional private sector personnel with appropriate knowledge, skills and abilities for specific assignments.

There will be no cost to the Federal Government.

REPORTING: The Board will report semi-annually to the White House Chief of Staff through the Office of Cabinet Affairs.

DURATION: The Board is to be established for one year. Extensions will be evaluated at the end of each year.

JUSTIFICATION: The need to encourage and stimulate on-going public debate and action for management improvement and cost reduction within the Federal Government.

The need to bring together private sector management experience and expertise to assist the Federal Government in bringing about permanent and structural reform in organization and management systems.

INITIAL INITIATIVES: Review the implementation status of PPSS recommendations already adopted, and ask for clarification when questions arise. That review will utilize the tracking information already requested by the Office of Cabinet Affairs, rather than direct agency contact.

13. Joseph Kasputys
    Executive Vice President
    McGraw-Hill Inc.

14. Louis F. Laun
    President
    American Paper Institute

15. Ben F. Love
    Chairman & Chief Executive Officer
    Texas Commerce Bancshares, Inc.

16. Roger Milliken
    President & Chief Executive Officer
    Milliken & Co.

17. Edward N. Ney
    Chairman & Chief Executive Officer
    Young & Rubicam, Inc.

18. The Honorable William E. Simon
    Chairman of the Board
    Wesray Corp.

APPOINTMENT AND OPERATING PROCEDURE: The Commission would be authorized and empowered to act under an Executive Order issued by the President in accordance with the Federal Advisory Committee Act. In terms of day-to-day activities, the Commission would function as an independent body reporting to, and periodically meeting with and seeking guidance from, the office of the White House Chief of Staff.

There is much more that could be discussed in terms of how we would see the Commission operating, but I am convinced it will save all of us time if you could react to the content of this letter first and then we can outline the "how to".

Looking forward to hearing from you soon.

With warmest personal regards,

J. P. Bolduc

JPB/kf

cc: Mr. Jack Ball

FOUNDATION FOR
THE PRESIDENT'S PRIVATE SECTOR SURVEY ON COST CONTROL, INC.

March 22, 1985

Mr. Alfred H. Kingon
Assistant to the President for
Cabinet Affairs
The White House
Washington, D.C. 20500

In accordance with our earlier discussions and subsequent meetings with Jack Hall of your staff, here are my thoughts on what we would envision from Mr. Regan's suggested Watchdog concept.

This letter intentionally avoids discussing "how" this Watchdog concept would operate, pending agreement from you and Don that the objectives proposed in this letter are consistent with each of your thinking.

OBJECTIVE: Serving as the President's Private Sector Watchdog to help eliminate waste and inefficiency in Government, this Commission will:

1. Develop a detailed plan outlining not only the "what" of its mandate, but the "how to" as well. This plan will be submitted to the White House for approval to proceed.

2. Assist in bringing about major fundamental changes and improvements in the way the Government manages its business. These will affect:

   - The Government's organization structure,
   - Its systems,
   - And people.

3. Monitor the implementation of cost-saving ideas from all sources -- including the 2,478 PPSS recommendations.

4. Recommend further opportunities for eliminating waste and inefficiency.

1511 K Street, N.W. • Suite 600 • Washington, D.C. 20005
(202) 628-6428

5. Act as the catalyst for addressing valid citizen concerns regarding waste and inefficiency in Government.

6. Report to the President each quarter on:

   - Progress made,
   - Significant accomplishments,
   - New initiatives undertaken, and
   - Actions needed to realize mandate.

This Commission would not be authorized to conduct a comprehensive review of Government operations. This was done by the PPSS. And, a blueprint for action has already been developed. What's needed now is an independent body which has credibility with the Administration, the Congress, and the American public that can help make things happen.

JUSTIFICATION: It is clear that none of the foregoing objectives will be realized without an outside force that can serve as a catalyst -- an outside Watchdog not owing to anyone or any system except to get accomplished the objectives of better Government for all. Government can no longer affort to be crippled by massively inadequate, unreliable, and inefficient structures and systems if it is to survive as an institution.

TIMING: The Commission should be established initially for a one-year period, and reevaluated each year for possible renewal on the basis of its contribution to the American people. Initially, it should be established no later than May 1, 1985.

FUNDING: The Commission will receive no Federal funding. The cost of its work will be fully financed through private sector cash and in-kind contributions.

COMPOSITION OF COMMISSION: Members would come from those CEO's serving on the PPSS Executive Committee and the Citizens Against Waste (CAW) Board of Directors. J. Peter Grace would serve as the Commission's Chairman.

Those recommended for appointment to the Commission would be individuals having previously demonstrated their outstanding commitment and dedication while serving as members of PPSS and CAW.

In addition, they will also bring to the table an excellent grasp of the Federal establishment and its related operations.

Here are but a few of the estimated 25-30 members we would recommend be appointed to serve on the Commission:

1. Joseph Alibrandi
President & Chief Executive Officer
Whittaker Corporation

2. Jack Anderson
National Syndicated Columnist

3. Robert A. Beck
Chairman & Chief Executive Officer
The Prudential Insurance Company of America

4. J. P. Bolduc
Senior Vice President - W. R. Grace & Co.
Chief Operating Officer - PPSS
President - CAW

5. James E. Burke
Chairman & Chief Executive Officer
Johnson and Johnson

6. Joseph E. Connor, Jr.
Senior Partner
Price Waterhouse & Co.

7. Harry E. Figgie, Jr.
Chairman & Chief Executive Officer
Figgie International Inc.

8. John E. Fisher
Chairman & Chief Executive Officer
Nationwide Mutual Insurance Co.

9. Robert W. Galvin
Chairman of the Board
Motorola Inc.

10. Robert Hatfield
President
New York Hospital

11. Amory Houghton, Jr.
Chairman of the Executive Committee
Corning Glass Works

12. Edward L. Hutton
President & Chief Executive Officer
Chemed Corporation

Keep abreast, support, and track PPSS recommendations proposed in the 1986 budget, and those that may be proposed for subsequent implementation later this year or in the 1987 budget.

Assist the Administration in evaluating the more permanent management reforms dealing with organization structure, financial and accounting systems, and information for decision making. The PPSS put forward a number of important recommendations in these areas. In addition the Administration's Reform 88 has a number of related initiatives where private sector expertise and experience can be critical to successful implementation, for example:

-- internal control,

-- cash management

-- credit management

-- portfolio sales,

-- information technology,

-- property management

THE WHITE HOUSE

WASHINGTON

July 15, 1985

MEMORANDUM FOR ALFRED H. KINGON
CABINET SECRETARY

FROM: JOHN G. ROBERTS
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Grace Commission

You have asked for our views on a proposal to establish three advisory committees on implementation of Grace Commission recommendations, concerned with financial management systems, management information systems, and organization structure, respectively. The three committees were proposed as an alternative to a broadly focused successor to the Grace Commission.

The various concerns outlined in Mr. Fielding's memorandum for you of May 29, 1985 on the original proposed successor to the Grace Commission would be equally applicable to the proposed three committees. Our conclusion that we could not recommend the creation of a Federal advisory committee successor to the Grace Commission is also applicable to the proposed three successor committees.

JV

ID # 326452 CU

FG384

JGR-direct

WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

☐ O - OUTGOING
☐ H - INTERNAL
☐ I - INCOMING
Date Correspondence Received (YY/MM/DD) / /

Name of Correspondent: Al Kingon

☐ **MI Mail Report** **User Codes: (A)** ____ **(B)** ____ **(C)** ____

Subject: Grace Commission

ROUTE TO: **ACTION** **DISPOSITION**

Office/Agency (Staff Name)	Action Code	CJ Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
CUHOLL	ORIGINATOR	85/07/03			/ /
	Referral Note:				
CUAT18	R	85/07/05 CJ		S	85/07/15 CJ
	Referral Note:				
		/ /			/ /
	Referral Note:				
		/ /			/ /
	Referral Note:				
		/ /			/ /
	Referral Note:				

ACTION CODES:
- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure
- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

DISPOSITION CODES:
- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

FOR OUTGOING CORRESPONDENCE:
Type of Response = Initials of Signer
Code = "A"
Completion Date = Date of Outgoing

Comments: Jul 2 85 Jack Hall memo to Al Kingon

Keep this worksheet attached to the original incoming letter.
Send all routing updates to Central Reference (Room 75, OEOB).
Always return completed correspondence record to Central Files.
Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

5/81

THE WHITE HOUSE

WASHINGTON

July 3, 1985

326152 ca

MEMORANDUM FOR FRED F. FIELDING

FROM: ALFRED H. KINGON

SUBJECT: Grace Commission

The attached memorandum outlines an alternative to establishing a second Grace Commission. My sense is that this approach would involve the same legal risks as their original proposal, however, I wanted a confirmation from you before going back to J.P. Bolduc.

Please feel free to contact Jack Hall (x2871) of my staff who has responsibility for our Grace effort.

THE WHITE HOUSE

WASHINGTON

July 2, 1985

MEMORANDUM FOR ALFRED H. KINGON

FROM: JACK HALL

SUBJECT: Advisory Group on Management

We met with Mr. J.P. Bolduc on July 1 to review the legal impediments to a broadly focused successor to the Grace Commission. As an alternative, he proposed three advisory groups, each to address a specific functional area of federal management and similar to the Blue Ribbon Commission on Defense Management.

The advisory groups would be directed to review and evaluate current practice, recommend change, and provide a detailed action plan for implementing those changes in three areas:

1) Financial management systems, including budgeting, accounting and reporting;

2) Management information systems, including hardware and software;

3) Organization structure.

The Grace Commission included reports on each of these topics, however they did not provide detailed action plans for implementation. They believe that such change is essential to provide timely and relevant information for reducing spending and waste through welfare reform, privitization, user charges, and procurement. They submit these changes represent the foundation without which long-term improvements in efficiency and effectiveness will not take place.

The area of investigation for each group would be carefully defined and their role strictly advisory. Individuals with relevant functional expertise yet without direct conflicts of interest would be asked to serve.

THE WHITE HOUSE

WASHINGTON

July 15, 1985

MEMORANDUM FOR ALFRED H. KINGON
CABINET SECRETARY

FROM: JOHN G. ROBERTS
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Grace Commission

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