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HARVARD UNIVERSITY
JOHN F. KENNEDY SCHOOL OF GOVERNMENT
79 BOYLSTON STREET
CAMBRIDGE, MASSACHUSETTS 02138

April 12, 1983

Mr. Albert Angrisani
Assistant Secretary for
Employment and Training
Department of Labor, Rm. S2307
200 Constitution Avenue, N.W.
Washington, D.C. 20210

Dear Mr. Angrisani:

I am somewhat at a loss for a response to the letter I received from you last week regarding our case study on the Job Corps. Your requests are unprecedented in our experience and, without a better understanding of the rationale behind them, I'm afraid I can't accede to them. I don't know what "litigation" you are referring to in the letter; I understood that the Grand Jury investigation--the only litigation I'm aware of--had terminated without an indictment. If there is something else going on that I should know, please do advise me.

Your second request--that we strike all comments from DOL officials--I'm afraid raises a policy problem for us. In the normal course of clearing a case, we solicit comments from everyone to whom we've talked; and we are pleased to correct any factual inaccuracies that surface, or to modify quotes to accord more adequately with an individual's recollection of his/her perceptions. But I'm sure you can understand that the whole process would grind to a halt if we permitted individuals to modify anything but their own contributions to the case. The various people with whom we spoke at DOL offered us their observations as individuals, not as spokespersons for the Department; since they do not purport to speak for the Department, the Department cannot purport to speak (or to deny speech) for them.

In view of your generous cooperation with our development of this study, I'm particularly sorry not to be able to be more accomodating. Perhaps if you could particularize your concerns a little more, I might be able to be more imaginative in addressing them.

In the meantime, I thank you again for the help you've given us.

Sincerely,

Stephanie Gould

Stephanie Gould
Director, Case Program

SG:cl

Barbara
file "confidential"
[Signature]

25

THE WHITE HOUSE

WASHINGTON

April 20, 1983

MEMORANDUM FOR CRAIG L. FULLER
ASSISTANT TO THE PRESIDENT

FROM: FRED F. FIELDING *Orig. signed by FFF*
COUNSEL TO THE PRESIDENT

SUBJECT: Harvard Case Study

You have requested our views on whether a case study on the Job Corps prepared for use in management seminars for Administration officials may appropriately be used. The topics covered by the Job Corps case study are unfortunately also the subject of an ongoing Inspector General investigation. That investigation will soon culminate in a report and possible administrative action, both of which could generate considerable public controversy and further legal proceedings. I think you will agree that it would be most unfortunate to be using such matters as the basis for a management training seminar. Accordingly, I must advise against using the Job Corps case study, at least so long as official proceedings with respect to the matters covered in the study are active.

FFF:JGR:aw 4/20/83

cc: FFFielding
✓ JGRoberts
Subj.
Chron

✓ file - Howard case study

16 report on same issues: don't know what it will say on this area: don't study off of something that'll hit area (through GAO).

Probably revisit when report comes out, + action taken. but get reaction → insights, → studying management from it.

JFK case: not accurate, clear w/m.

air bag: not one

March

call Ryan: wait becoming an aging matter.

Still check.

Case was.

1. call, or have somebody call, Stephen Gould:

- we want to bring case study - responsible to do as while official investigations are going into same matter.

- don't expect Howard right when it to our study.

- but, will like much this in K's survey of parts, good path indicator.

memo: to B.N.D., cc: D.D. Neal
FFF

✓ file - Harvard case study

understand can't be used outside Administration

⇒ (not accurately reflect what was said) ↘

A.A. told he could X-out quotes.

→ Ken School use?

[Confidentially only]

pin to publication

Report: couldn't be used outside Admin w/out O.K.

DOL: don't O.K.

D.P.: will send K.

~~can~~

→ can say don't use in gov seminar Art. I. B.3

→ but they can use outside: attach A

- consent for capital info: said less capital

- quote cleared for accuracy

- D good faith email

- E - can review

being run at mid-level ASST SECT

ditto not quite in
on going series
[used internally only]
can be used by JFK school

DOL asked the white. met w/ JFK school
Dinial Job Corp issues
Dial Joffe running D.C. program. Was he
agreed in internal content.



Tom McBride, 14, notified Joffe + D. Corp.
referred to Civ Div. [declined?]
Admin in 14 office. Referred to civil
division. [this is litigation] detente

report to Sect: see admin action.
Joffe disbursed -> MSPB
Hyland: mit + sec.

O: 549-8200
H: 836-4737

actifed
analyzed plus

12¹/₈ 1%
no report results
any better available 12³/₄

\$ 112,000

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

April 20, 1983

MEMORANDUM FOR FRED F. FIELDING

FROM:

JOHN G. ROBERTS *JGR*

SUBJECT:

Harvard Job Corps Case Study

The Administration, through Craig Fuller's Office, has been holding a series of seminars on management for mid-level appointees throughout the executive branch. The Office of Administration contracted with the Kennedy School at Harvard to run the seminars and prepare case studies for use during them. One of the case studies prepared concerned the Job Corps program at the Department of Labor. Peter Zimmerman of the Kennedy School conducted interviews with Labor officials involved with the Job Corps, and received some very candid responses. Shortly thereafter it became apparent that the Job Corps national director, Dick Jaffee, was engaged in possibly illegal conduct. An IG investigation was commenced, leading to criminal and civil referrals to Justice. Both were declined. According to Tim Ryan, the Labor IG is now preparing a report for the Secretary which will recommend administrative action against Jaffee. It is Ryan's view that Jaffee will be discharged, and that the matter may end up before the Merit Systems Protection Board.

Since the Harvard case study concerns the same matters as the IG report, both Ryan and Labor IG Brian Hyland recommend that the case study not be used, at least until the Jaffee matter is finally resolved. I concur in their recommendation. If the Jaffee case does become a cause celebre it would be most unfortunate to be using it as a basis for management training. Use of the case could also be considered ratification of some of the statements in it, statements which are and will be the subject of dispute in connection with Jaffee's case.

I have prepared a memorandum to Fuller, advising that the case study should not be used in the seminars, at least for the present.

Attachment

THE WHITE HOUSE

WASHINGTON

April 20, 1983

MEMORANDUM FOR CRAIG L. FULLER
ASSISTANT TO THE PRESIDENT

FROM: FRED F. FIELDING
COUNSEL TO THE PRESIDENT

SUBJECT: Harvard Case Study

You have requested our views on whether a case study on the Job Corps prepared for use in management seminars for Administration officials may appropriately be used. The topics covered by the Job Corps case study are unfortunately also the subject of an ongoing Inspector General investigation. That investigation will soon culminate in a report and possible administrative action, both of which could generate considerable public controversy and further legal proceedings. I think you will agree that it would be most unfortunate to be using such matters as the basis for a management training seminar. Accordingly, I must advise against using the Job Corps case study, at least so long as official proceedings with respect to the matters covered in the study are active.

FFF:JGR:aw 4/20/83

cc: FFFielding
JGRoberts
Subj.
Chron

Roberts -
RUS ID #

This I do not understand!

4/17

OFFICE OF CABINET AFFAIRS ACTION TRACKING WORKSHEET

Action resulting from:

- document (attached)
- telephone call
- meeting (attach conference report if available)

Document Date: 83 / 04 / 11

From: Craig Fuller

Date Received: / /

Subject: Harvard Case Study

ACTION CODES:

- A — Appropriate Action
- B — Briefing Paper
- C — Comment/Recommendation
- D — Draft Response
- F — Furnish Fact Sheet
- I — Info Copy Only/No Action Necessary
- R — Direct Reply w/Copy
- S — For Signature
- X — Interim Reply

ROUTE TO:

Date Sent	Name	Action Codes	Date Due	Action Taken
83 104/15 TH	Frd Fielding	A	83 104/19	
83 104/18	CVAT 18	D	83 04/19	
/ /			/ /	
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COMMENTS:

Originator: Dunlop Faoro Fuller Gonzalez Hart Hodapp

KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING MATERIAL AND WHEN THE ASSIGNED ACTION IS COMPLETE, RETURN TO:

Office of Cabinet Affairs
Attention: Karen Hart (x-2823)
West Wing / Ground Floor

THE WHITE HOUSE

WASHINGTON

136846

April 11, 1983

MEMORANDUM FOR FRED FIELDING

FROM: CRAIG L. FULLER *CF*
SUBJECT: HARVARD CASE STUDY

We contracted with Harvard University to produce two case studies. These were: From CETA to Job Training concentrating on Job Corps; and reducing the cost of the Nutrition programs at DOA without adverse publicity. ?

Attached is the draft case study on Job Corps.

Also attached is a letter from Al Angrisani to Harvard requesting that the case study not be made available for our use.

Please contact the appropriate legal office at DOL to ascertain if there is a legal reason why this case cannot be released for our classroom use including the quotes from Labor personnel. If there is a legal reason for removing this case from our use, we can accept it; however, if there is not, we would like to use it since we have paid \$15,000 for it. ?

Please let me know as soon as you reach an agreement with DOL's legal counsel.

Thank you.



Stephanie Gould
Harvard University
John F. Kennedy School
of Government
79 Boylston Street
Cambridge, Massachusetts 02138

Dear Ms. Gould:

I am in receipt of the draft case study prepared by Paul Starobin. As I have expressed to Pete Zimmerman, this case study is ill-timed in that it conflicts with the Department of Labor litigation now in progress. Therefore, I respectfully request that this case study be postponed until the litigation is concluded.

I also request that all comments from Department of Labor officials be struck from the case in the event the draft is circulated for discussion or comment.

Thank you in advance for your consideration.

Sincerely,

ALBERT ANGRISANI
Assistant Secretary of Labor

cc: William DuRoss, III
✓Becky Norton Dunlop

RECEIVED 11 6 80

DISCUSSION DRAFT. NOT TO BE QUOTED OR CIRCULATED

MANAGING THE EMPLOYMENT AND TRAINING ADMINISTRATION: JOB CORPS (A)

Throughout his campaign for the presidency, Republican party candidate Ronald Reagan told the American people that severe medicine was needed to cure a sick domestic economy, and that much of the malaise lay in the management of the federal government bureaucracy. In a television speech shortly after his January, 1981 inauguration, President Reagan disclosed that he had begun to implement the election results by placing a freeze on hiring replacements for leaving federal employees, ordering a cut in government travel and a reduction in the number of private consultants, and halting the release of pending regulations. Virtually every executive agency, Reagan said, would be forced to swallow budget cuts (the Defense Department being a major exception), and incoming Cabinet Secretaries would be responsible for searching out "areas of waste, extravagance, and costly administrative overhead," actions which could "yield additional and substantial [budgetary] reductions." To accomplish these aims at the Department of Labor, the President chose as Secretary Raymond Donovan, a tough-talking chief executive of a New Jersey construction company. Donovan, in turn, chose as his right-hand man Albert Angrisani, a 31 year old Chase Manhattan Bank vice president, who, like the Secretary had been an organizer of Reagan's New Jersey campaign effort. Angrisani quickly found "much room for reducing wasteful administration overhead" in the section of the federal bureaucracy now under his jurisdiction--DOL's massive Employment and Training Administration (ETA), which contained some \$30 billion worth of jobs and training programs. The feisty Angrisani told the Senate Labor and Human Resources Committee in his March confirmation hearing that he possessed an "uncanny ability to make things happen and make them happen fast." His mission:

I need to work to end duplication of federal programs by tightening and expanding financial controls of all administrative and programmatic activities. I need to improve program results by setting more realistic goals and monitoring program performance more carefully. I need to eliminate the burden of excessive paperwork

by simplifying the administrative and management procedures ETA operates under. Particularly, it is important to examine our programs and activities to determine which have worked and why; and to carefully weigh the cost of these activities against the outcomes. I intend to provide the leadership necessary to make ETA an efficient and productive department.

Angrisani's words struck a responsive chord in DOL's Office of Inspector General (OIG), which audited and investigated agency programs for financial waste and criminal fraud, and which was headed by Thomas McBride, a former federal prosecutor and Deputy Director of the Peace Corps, and, prior to Reagan's inauguration, the IG at the Agriculture Department. McBride shared Angrisani's assessment that the area in ETA most in need of "tightening-up" was the system of state and local prime sponsor programs spawned by the 1974 Comprehensive Employment and Training Act (CETA). One ETA program not under attack by the fiscal conservatives in the Republican party, or perceived as a cause for concern by OIG (which was officially non-partisan) was the Job Corps, which was initiated in the mid-1960s by the Office of Economic Opportunity to provide residential centers at which "economically disadvantaged" youths could be trained to enter the job market (see Kennedy School case _____ for background note on the Job Corps). Transferred by President Richard Nixon from OEO to ETA in 1969 (though retaining most of its OEO personnel) the Job Corps had maintained a strong public image. Angrisani, at least, seemed to think highly of it. As he told the Senate panel:

The Job Corps, in my opinion, from what I have seen to date, is one of our finest programs. It seems to have a tremendous yield based upon the investment that we make. It seems to be a program that allows people, particularly young people, to get a good self-start, to develop some sense of responsibility and develop some sense of appreciation of themselves. I feel it is one of the more productive programs, a program that I would like to see more work in.

As Angrisani was undoubtedly aware, the Job Corps had built up over its sixteen years of existence a healthy (some Washington observers believed unshakeable) bipartisan base of support in the Congress (many of whose most prominent members had centers in their districts) and enjoyed as well the backing of the large private corporations and labor unions which received lucrative federal grants to operate Job Corps centers. Within the

executive branch, the Job Corps cause always found sympathy from Interior Department and the Department of Agriculture, agencies which received DOL funds to operate a network of Civilian Conservation Centers. The only serious threat to the program's vitality had come in the late '60s and early 1970s from Republican conservatives in the Nixon White House and DOL; and this threat vanished in 1977, when newly elected Democratic president Jimmy Carter promised to double the capacity of Job Corps training slots. Labor Secretary Ray Marshall told the National Journal that Job Corps was a "good model" for the administration's effort "to have the private sector more intimately involved in the public service programs." DOL's top goal for Job Corps became to "secure new facilities as rapidly as possible," and ETA's Office of Youth Programs, which included Job Corps, stated in February, 1979 that "the future looks promising and Job Corps will continue to be the cornerstone of our nation's youth employment policy." In April, 1980, the government's faith in the Job Corps was boosted by an independent evaluation prepared at DOL's request by Mathematica Policy Research, Inc., a Princeton, New Jersey consulting firm. Investment in Job Corps, Mathematica concluded, was "economically efficient": Job Corps graduates as a whole registered an increase in employment and earnings and a reduction in the receipt of financial welfare assistance and unemployment insurance, and were more likely to obtain a high school diploma or attend college.

During the transition period, Secretary Donovan and Angrisani were alerted to these findings--and other measures of Job Corps worth--by Dick Jaffe, an OEO holdover who was the national director of Jobs Corps and an unabashed program cheerleader. As evidenced by his confirmation hearing testimony, Angrisani apparently was at first sold on Job Corps, but his perspective changed when DOL officials reported to him the discovery in this "cornerstone" of the sort of contracting abuses, administrative inefficiencies and extravagances which the Republicans had believed plagued only the CETA prime sponsor system. The Assistant Secretary determined that Job Corps' "problem" could be traced to its institutional isolation within the ETA bureaucracy and, backed by the Inspector

General's Office, (which itself had largely ignored the program in the past) moved to implement a complete "overhaul" of the Job Corps system. Angrisani aimed to install a tough new procurement "system," to relocate Job Corps staffers to other ETA offices, and to increase markedly the involvement of non-Job Corps staffers in procurement and management decisions. The ETA Administrator's objective sparked a lively debate (and considerable sniping) in Washington's highly partisan community of job program specialists: some agreed that a problem existed, but claimed that the solution went no further than the removal of Jaffe, the main target of the allegations; and others insisted that the abuses were being exaggerated by Republican ideologues in order to facilitate the political liquidation of Job Corps. This case looks at the beginnings of Angrisani's "get control of Job Corps" mission; OIG's initial assessment of Job Corps' "problem"; and the reactions to the ETA probe from veteran Job Corp national office staffers, Job Corps contractors, and the program's congressional supporters, all of whom were convinced that the program's strength--and the reason for its success--lay precisely in its relatively autonomous existence. A separate sequel examines the management reforms proposed by Angrisani in the spring of 1982, and the reactions of OIG, and Job Corps supporters to the changes.

The Changing of the Guard in ETA

The ETA bureaucracy was "not used" to Al Angrisani's style of management, according to Bob Jones, who prior to joining DOL served as a Republican labor issues staffer on a Capitol Hill congressional committee. Under a temporary set up instituted by Angrisani after the inauguration, Jones became one of just three officials reporting directly to the ETA administrator, responsible chiefly for overseeing the national operations of CETA-program offices, including the Job Corps.* The Assistant Secretary's

* Under the setup, introduced to "streamline" ETA's management system, Jones channelled to Angrisani reports from the Office of Youth Programs (which contained Job Corps), the Bureau of Apprenticeship and Training, the Office of Comprehensive Employment Development, and the Office of National Programs. James Walker, head of the Office of Administration and Management, channelled reports (continued on next page)

Assistant Secretary, Ernie Greene, was widely known within ETA for his liberal use of the authority to dispense "sole-source" or noncompetitive contracts, and according to another senior ETA bureaucrat, was at best a strong "program person" who deferred on management questions to the operational chiefs of ETA's program offices (most of whom reported in 1981 to Jones). The Greene regime, remarked Jones, was the norm in DOL:

Historically, it's always been that the Labor Department has been a labor movement oriented, perhaps Democratic Party organization. Sympathetic to those causes, anyway. And traditionally, these [employment and training] programs are dollar intensive contracting, and there has been a real tendency, once a funding action took place, for the action to continue on forever. The contract continues because it's there. I would say that's true of almost every program we've got. Maybe it's lethargy, maybe it's politics, maybe it's a lot of different things, but there comes a time when you need a cutback, to stop, come back, and reexamine the whole.

Angrisani's philosophy, number one, is a management philosophy: this means cleaning up the system so that everybody knows how the thing works and where the decision authority is and what's happening, so that you're not subject to accusations of favoritism, and illegal contracting. And you're not in a position where GS-12 bureaucrats are making decisions over hundreds of millions of dollars in terms of policy directions.

Angrisani's first crack at cleaning up ETA's procurement system was sidetracked by his preoccupation with helping Secretary Donovan respond to highly publicized allegations (later shown by a special prosecutor to be without foundation) connecting Donovan's New Jersey construction firm with organized crime figures and by the ETA's emergency effort to find new jobs or training opportunities for some 300,000 workers affected by a Reagan freeze on the Public Service Employment (PSE) component of CETA. According to Richard Lord, one of a handful of special assistants brought into ETA by Angrisani,* the

(continued from previous page)

from ETA's field operations division--the network of ten regional ETA offices--and William Lewis conveyed reports from the Unemployment Insurance Service, the Employment Service, and the Office of Policy, Evaluation and Research (OPER). Previously a Deputy Assistant Secretary for Employment and Training handled the reports from all the above ~~positions~~, but the administration did not fill that post.

Office's

*The assistants were housed in Angrisani's Assistant Secretary quarters, having no formal responsibilities other than to advise Angrisani and to act as his agent in dealing with the rest of ETA. In some places in ETA, the assistants--six men and a woman--were known as "Snow White and the seven dwarves."

Administrator was nevertheless increasingly perturbed by newspaper stories that contracts awarded during the last days of the Greene tenure were being modified by contracting officers in ETA's program offices in a manner which violated standard procurement rules. The White House, Lord commented, was not above reminding Angrisani of these reports, adding a political twist to Angrisani's already tight situation; and perhaps worst of all, Angrisani was beginning to ^{find} that ETA's grant and procurement system was made up of conflicting and often incomprehensible contracting practices, and "tended to have a life of its own". On August 6, Angrisani decided--spontaneously, according to Lord--that enough was enough, and he ordered the program offices to forward to his office for approval all contracts requiring funding. The order included awards resulting from competitive bids, modifications and sole-source requests. As Jones explained the decision--described as a "bombshell" by one program manager:

As the Assistant Secretary and others sat down and started making decisions over the course of the summer, it became clear that the authority of individual administrators in ETA to make independent decisions needed to be fenced in. From a management standpoint, these administrators had to be part of the system for making decisions. All this order did was to enure that the [procurement] activities that were going on within each program were in fact part of something that the Assistant Secretary had approved. That wasn't happening.

As it turned out, according to Lord, it proved "quite impossible" for Angrisani to inspect personally all the outgoing procurements--the volume was simply overwhelming--and the Assistant Secretary decided to create and put Lord in charge of a special, twenty-person office to screen the procurements before they were sent up to his office for a final signature. In the meantime, Angrisani began negotiations with the union representing ETA employees on the implementation of an impending "reduction in force", or RIF order, which was expected to eliminate roughly 20% of ETA's jobs. Upon completion of the RIF, Angrisani planned to reorganize completely contracting and program management responsibilities in ETA. He also planned to make an emphasis on competition and accountability a permanent feature of the regulations, directives, and guidelines--of,

that is, all written documents--governing the procurement process. Towards meeting the latter goal, Angrisani convened an internal ETA task force of contracting specialists and Republican aides, including Lord, and handed them the ambitious task of developing and packaging in one single document a set of standard rules for procurement.

Angrisani's early actions--and bold plans for the future--won plaudits from the Office of Inspector General,* where, according to Gerald Peterson, Deputy Assistant Inspector General for Audit, auditors and investigators were still reeling from the "horrors" of the Greene tenure:

The administration of ETA during the Green regime was, there's hardly a word to describe it, well--incompetent. There was absolutely no confidence in ETA. Period. . . . The whole goddamn superstructure of ETA was corrupt, and a blight on government. It was unconscionable that that group should [have been] administering [\$30] billion a year.

. . . You needed a drastic change. You needed a philosophical change. You needed a change in mindset, and you can't do that without turning the cart upside down. . . . We [had] an administration that was talking about more than whether programs work--they're talking about bringing some integrity to the process. . . . Angrisani came in having some background in business and some understanding of accountability . . . and he would have been derelict not doing something.

Troubled Waters in Job Corps

The August 6 directive included Job Corps procurements, but was not, Lord and Jones said, prompted by any sentiment that the program was particularly rife with mismanagement. In fact, due to the perception that the prime sponsor network was the

*The Inspector General's Office operated independently of ETA. The functions of the office were divided broadly into an investigative division, which pursued allegations of fraud and other criminal violations, and an audit division, which monitored programs for financial integrity and compliance with administrative requirements. Auditing authority was construed broadly by the lawmakers drafting the 1978 IG Act, and by DOL to include checking the financial records of the recipients of grants and contracts (a task usually performed by independent accounting firms hired by OIG); monitoring the adherence of DOL program officials to required procurement and administrative practices; and determining and commenting on the effectiveness of departmental efforts to improve the managerial efficiency of the programs. OIG was not responsible, on the other hand, for evaluating the degree to which programs were meeting their legislative objectives. OIG provided semi-annual reports to the Congress on its ongoing audits and criminal investigations.

department's main trouble spot, and because Job Corps, unlike CETA, had not been the object of Republican jeers during the November election, Angrisani and his top aides had largely avoided involving themselves with the program in their six month stint in office. As Jones put it, "Job Corps to most of us at that time was a stable, ongoing program. We didn't have critical decisions to make." In November, the barometer of concern rose precipitously: on the 4th day of the month, Angrisani received a memo from Alfred M. Zuck, DOL's Assistant Secretary for Administration and Management. Zuck wrote that his procurement policy staff had over the past year been reviewing Job Corps contracting practices, and had produced "raw data" which merited "concern." Attached for Angrisani's review was a July 15, 1981 memo sent to Richard Jaffee, Job Corps' National Director, by Theodore Goldberg, Zuck's Director of the Office of Grants and Procurement Practices, summarizing the data. The memo cit

- evidence that a former regional Job Corps director w consulting firm when he left government had received contracts from a number of contract centers in several d that the subcontracts "were directed from Washington and called for payment whether services were rendered on a retainer basis]. ("A number of Job Corps employ something other than the best interest of the government contracts.")
- statements by the regional staff of a Job Corps office sole source contract for center operations was directed office and was "political."
- indications that Jaffee had overridden the recommendation of an officer in a Job Corps regional office and had awarded a contract for center operations to a firm which in the bidding process placed both higher in cost and lower on the technical evaluation than a competing firm. ("One would surmise that [the firm] was preselected.")

The memo also stated that while there appeared to be "good competition" for the award of initial Job Corps center contracts, there was "frequently an absence of any competition for subsequent contracts for the continued operation of Centers." "Whether this is due to collusion or of various other factors, the effect is that awards of follow-on contracts are competitive in form but not in substance. Clearly, the procurement system is not working as intended."

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- evidence that a former regional Job Corps director who had started a consulting firm when he left government had received sole source subcontracts from a number of contract centers in several different regions, and that the subcontracts "were directed from Washington [the national office] and called for payment whether services were rendered or not," [i.e., were on a retainer basis]. ("A number of Job Corps employees have told us that something other than the best interest of the government lies behind these contracts.")
- statements by the regional staff of a Job Corps office that the award for a sole source contract for center operations was directed by the Washington office and was "political."
- indications that Jaffee had overridden the recommendation of the contracting officer in a Job Corps regional office and had awarded a contract for center operations to a firm which in the bidding process placed both higher in cost and lower on the technical evaluation than a competing firm. ("One would surmise that [the firm] was preselected.")

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In his cover letter to Angrisani, Zuck also reported the allegation that Job Corps staff travel costs had been charged to three contracts issued by the national office. Zuck said that he had hoped that Jaffee's comments to all of the issues raised would put his concerns to rest, but that, over the past three months, Jaffee, an OEO "native" and one-time regional Job Corps director who became national director in 1979 when the reigning director suffered a stroke, had neither responded directly to the Goldberg memo (which explicitly asked for Jaffee's comments by the end of July) nor returned any calls from Zuck's procurement policy staff, headed by Goldberg.

ETA Looks Into Job Corps

Angrisani reacted swiftly to Zuck's memo, dispatching a copy to Inspector General McBride and also sending one to Bob Jones, with an attached note directing him to report back within five working days on the allegations raised by the procurement policy staff. The Jones' mission turned out to last a good deal longer, as he and a team of ETA officials amassed evidence which Angrisani judged pointed at systemic flaws in the management of Job Corps--flaws likely to engender improprieties on the part of any Job Corps national director. First, Jones had to educate himself on management and contracting practices in the Job Corps; as he put it, "Job Corps was a complex, circuitous system and most of us in ETA were new to it. I was." Jones and the staff assistants working in his office spent a lot of time "just digging, checking, asking questions, reading, learning, and asking more questions." Among the first lines of inquiries concerned sole-sourcing. Jones was not a contracting officer or an expert in the rather arcane field of procurement--his specialty lay in the substance of jobs programs--and he had earlier invited auditors in the Inspector General's Office and the General Accounting Office, as well as various DOL contracting specialists, to examine a selected number of sole source contracts, let by ETA program offices. For Job Corps contracts, the findings--taking on an added significance for Jones after the appearance of the Goldberg memo--were that in at least some instances, involving both regional and national office procurements, it was quite questionable whether

the contracting officer, in the first place, should have chosen to steer away from the RFP, or competitive bidding process, and quite questionable whether DOL's procurement board had an appropriate justification for awarding the request. Jones' "basic instincts" as a manager (a self-labeled "systems manager") were aroused when Job Corps national office staff seemed unable to answer his questions about the criteria they employed for determining whether or not to take the sole-source route to procurement:

I went to Job Corps and said, "Look, show me the competition standards here, and how it's set up." And I remember sitting in my office a few days later, and I asked one of my assistants, "Hey, have we got this procurement stuff up here, the RFP stuff? I want to go through that." And they said, "Yeah, it's sitting there on your table." I walked back into the office, and there were about 3-4 stacks of documents sitting there. . . . It turns out that whatever there is on the subject is in 13 different documents and 13 different places. You begin to suspect that there's no bureaucrat between SES and the lowest GS-5 in the system that has a full understanding of the rules. So at the next meeting, I sat down with the Job Corps people, and said, "What the hell is going on here?" And they said, "Well, it's all there." "Where?" "Well, this piece is here, and this piece is here . . . but don't worry, all the guys know where it is." And then I start asking [different officials], "Well, Jaffe, do you know, can you give it to me right here, in 10 minutes? Can you put it down on one piece of paper?" "Well, no," he says. And the same thing happened when I questioned [others]. And you make a few more phone calls, and you find out that your basic fear is true. It doesn't exist.

Jones became even more troubled when inquiries into the methods by which Job Corps bureaucrats calculated "unit costs"--annual upkeep costs for a Job Corp enrollee--and an operating budget for the program for the fiscal year proved no more enlightening than his questions about "RFPs." It seemed to Angrisani's aide that Job Corps was rather unused to such probing from the "outside" bureaucratic world, and that the problems in Job Corps extended beyond the procurement "system" into basic issues of management:

In institutional terms, no part of ETA, no part of DOL, had anything to do with Job Corps program accounting, fund allocations, contract decisions, program decisions, anything. Even personnel actions. It was a unitized program, all under the Job Corps director. I mean, even other categorical programs have never had that freedom.

As Jones saw it, the office of the Job Corps national director, which under Jaffe had contracting responsibility for a number of national support contracts, and which retained the right to check off on the award selections made by regional directors, was particularly susceptible to atrophy. Nor did Jones believe that ETA's senior officials had improved matters by leaving over the years management of Job Corps to the holdovers from OEO days:

Any good manager is going to tell you that you can't leave people in the system too long. They become married to the system and nothing else. And, moreover, any administrative system will rot if it's self-contained like that. There have to be a cross-section of people outside that program who are watching the dollars and the decisions, and when there aren't, it removes the discipline from the system. The bureaucracy, in other words, should have cross-pollinated some of its basic functions--moved people around the agency. When there are people looking, asking, arguing, fighting, that tends to keep systems a little more in balance, and tends to give you early warnings of problems. That didn't occur in Job Corps.

Among those assisting Jones in his digging into Job Corps was Dick Gilliland, Director of the Office of Youth Programs. (In the formal chain of authority, Jaffe reported to Gilliland who reported to Jones who reported to Angrisani.) Unlike Jones, Gilliland had a great deal of previous involvement in Job Corps: he was actually an original member of the Job Corps fraternity, having helped to draft the program's enabling legislation back in the early 1960s. He later became one of the few "natives" to seek government work outside the program, leaving Job Corps in the late '60s. Gilliland shared Jones' concern about the program:

It's amazing the number of people who are still in Job Corps--it's been their career and it's become a very close-knit, inbred system, which has some advantages, but also a great deal of disadvantages.

The advantages, I supposed, come from the continuity of knowledge which [these people] have, and which is important in a 24-hour-a-day residential program, probably the most complex program you could ever hope to manage--much more complex than any other type of residential program, whether it be a college dormitory or a prison.

The disadvantage is that the Job Corps staff has been managing [operations] for more or less ten years [in ETA] on a very informal basis. Your basic management systems--like developing a budget

--just don't exist . . . and you have had regional directors that have been there since the beginning of the program, and developed their own opinions on [how to run things]. I feel pretty strongly that regardless of how honest or capable an individual is, sooner or later he goes native. It's unavoidable . . . you begin losing some sense of reality as to how Job Corps fits into the overall political-economic structure of the moment.

Job Corps, Gilliland elaborated, tended to act as if it was quite immune from the new imperative of fiscal stringency:

For example, we had a \$5 million contract with the national football league. Apparently, during the off-season, some NFL players would go out and visit Job Corps centers and act as role-models. Well, not necessarily a bad idea, but not worth \$5 million a year. I guess what had developed over the years was simply that Job Corps had all the funds it needed. So there was no incentive to make cost-effective decisions. "Well, we had all the money we needed, why not spend \$5 million on the NFL?"

As Youth Programs head, Gilliland had on occasion questioned the wisdom of such procurements, which, according to Gilliland, Job Corps staffers invariably justified by arguing from a "political standpoint"--i.e., that the contractor's support on Capitol Hill made a cutback too risky. Such arguments, as Gilliland saw it, reflected once more the program's inability to perceive changes in Washington's landscape:

Take the unions for example. Dick Jaffe argued that, well, in past years people have tried to reduce the contracts, and politically they're overridden every time. And I said, maybe you're right, but I'm going to find out. We'll do it and see what happens. Well, they kept predicting all these dire political happenings. To this day I never got one political phone call on the subject.

I think at one point in time Job Corps staff did have a significant political-godfather type structure . . . In my opinion, a lot of that has disappeared . . . and one of the things we're trying to do to it to de-politicize Job Corps, keep it at a more professional type of level.

Of perhaps even greater concern, Gilliland continued, was the "power base" that the Job Corps staff had built up with Job Corps center contractors:

We're talking about big money, probably, let's say half a billion dollars, going out to contractors that operate Job Corps centers. And there has been developed over the years a closed society of about 8-10 contractors [private corporations]. They got themselves in a position of becoming the predominate Job Corps operators simply because they had the experience. They knew how to bid--Job

Corps does have a competitive process. But because of this whole historical experience, it is very difficult to break into that fraternity. And so those [contractors] in my opinion, had considerable influence on the policies and procedures in Job Corps.

To some in DOL, Dick Jaffe was the living embodiment of the malaise which had been allowed to fester in Job Corps. As one graphically put it:

I've been a senior official in this agency for a number of years, and there are other senior officials in this agency who I think have an impact on policy and dollars, but let me tell you . . . the man was treated like a king. Contractors would follow him along and give him cigars, and provide him with cars whenever he visited their centers. There was a reverential attitude here, of people in Job Corps dealing with a \$700 million contract flow, and that single person had total authority over the whole system. . . . Now that's a dream . . . it's a situation that had simply been allowed to exist, and he believed it and so did his predecessors. It's just incredible. The Defense Department learned years ago that you can divide up the damn thing 30 different ways, and it'll be inefficient as hell, but you never allow anyone to feel that kind of responsibility, that's absurd.

For Thomas Koómerak, a veteran ETA bureaucrat, and the head of the Office of Financial Control and Management Systems, which reported directly to Angrisani, a necessary first step towards protecting against financial mismanagement was severing the bond--protected for years in DOL--between contracting and program management responsibilities:

One can conclude that some of the problems that occurred in Job Corps and other [programs arose because] the contracting officers were too closely associated with the program. That is, if you're the program manager and you're responsible for the day to day operations of Job Corps, you're not as likely to have as the primary goal protecting the financial interest of the government. And the theory is by taking contracting authority away from the program offices, and consolidating it in a financial [office], you will have a contracting officer who is not beholden to managers, and will be more independent in terms of financial controls and discretion.

. . . You have a tradeoff, between having the contracting officer know more about financial matters, or about program matters.

Koómerak's OFCSM office was the logical site for a new contracting unit and had for years been campaigning actively, with the support of government auditors, for such a shift, but had always been thwarted by "program-oriented" managers in DOL. Now that

Angrisani was installed on the ETA seat of power, this change, and others designed to assert financial "discipline" in the agency, appeared much more likely. Angrisani authorized Jones to institute special work groups with Job Corps contractors to examine such aspects of program management as procurement and the setting of performance standards, and he also met with key lawmakers on Capitol Hill to inform them that drastic changes were needed to get Job Corps back on a sound administrative footing. As Jones assessed Angrisani's reaction:

I think what set Angrisani off is the management system, not the political connections programs like Job Corps had. He began to find out that there was no accountability, no daylight sunshine involved in the thing. And he's vulnerable--you now have Dave Stockman and everybody else coming in, trying to tear it apart, and he can't answer the questions.

[Political appointees] are not dumb. Their bread is buttered up on the [White House] end of the avenue. It is not the program people's prerogative to make policy decisions and to determine the directions of the program. The appointees are the ones being paid to make the decisions, and no dumb bureaucrat downstairs, including myself, has a right to challenge that.

OIG Gets Involved

After sharing with Tom McBride's Inspector General's Office the allegations flushed out by Ted Goldberg's procurement policy staff, Angrisani asked OIG in late November to undertake a comprehensive examination of Job Corps' management and procurement practices, in order to assist ETA in the 'overhaul' of Job Corps. Historically, as McBride acknowledged, OIG's involvement with the program had been restricted mainly to "investigating occasional allegations of fraud or embezzlement," and, in the audit area, to monitoring individual Job Corps center contractors for financial compliance. As a result, McBride explained, "OIG did not have a good perception of what were the basic system problems in Job Corps management and contracting." In fact, as the Assistant IG for Audit told a congressional panel in June, 1981 OIG's neglect extended to virtually all of the programs outside the CETA prime-sponsor system, and that the audit work which had been

performed had largely ignored the "policies, procedures, and controls" for awarding and monitoring procurements.

OIG was actually somewhat surprised that Angrisani and other ETA senior managers (Dick Gilliland also met with OIG auditors and asked them to review ETA upcoming reforms in Job Corps) were inviting them to scrutinize and help revise the department's administrative practices; as one auditor said, only slightly exaggerating, it sometimes took "two years" of back-breaking work just to get DOL authorities to admit that a problem existed in their territory. In this instance, ETA's brass seemed forthcoming in identifying a "mess" and positively anxious to start cleaning it up. McBride's first order of business, however, was to address the specific allegations of wrongdoing in the Job Corps. At about the same time Angrisani sent him a copy of the Goldberg memorandum, OIG also received a phone call from a U.S. congressman charging that the national office had tampered with the award of a contract for center operations, as well as several "hotline" tips from DOL employees pointing at mischief by the national director. As one staffer put it, "everything seemed to be happening at once in Job Corps." McBride called a team of auditors and criminal investigators into his office and told them the matter demanded "top priority"--he wanted a full report on the allegations on his desk within two weeks. As regards the larger question of systemic reform, McBride considered the OIG well-equipped to address it, even though the job was somewhat removed from the office's familiar terrain of financial audits and criminal investigations (which required training in, respectively, accounting, and law and law-enforcement techniques):

By and large we try to avoid judgment conclusions on social goals --to stick to the facts. We're like Sergeant Friday on the TV serial--"just the facts, ma'am."

Now, at the same time, to characterize us as some dumb cops is juvenile thinking . . . I mean, I have a varied experience as an auditor, investigator, and prosecutor, and in social programs, as Associate Director of the Urban Coalition and Deputy Director of the Latin American region of the Peace Corps. And many who work for my organization have similarly broad backgrounds.

As it turned out, OIG auditors were already behind on their schedule for completing

ongoing projects, and were not able to comply with ETA's request to begin at once a major effort targeted at Job Corps, but McBride did direct one senior auditor from a regional IG office (a procurement specialist with no previous involvement in Job Corps and in charge of a staff of three) to begin "survey work" "scoping" out the specific areas that a Job Corps examination would address. In addition, McBride assigned several auditors who had worked with the criminal division on the "two week" project to assist Jones and Gilliland in checking up on various sole-source contracts let by the national office.

Based on their inspection of procurement records in Job Corps national and regional offices relating to contracts cited in the Goldberg memo, and on conversations with Goldberg, Job Corps staffers, and others in ETA on procurement practices in Job Corps, the auditors assigned to assist Jones and Gilliland arrived at the judgment that the Job Corps national director was engaged in manipulations of the procurement process which were at the very least administratively unsound. When the auditors in charge of the "scope-out" work began visiting Job Corps regional offices and examining procurement files and questioning staffers, they reached much the same conclusion. The auditors were uniformly convinced that Jaffe was very adeptly operating the equivalent of a "good-ole boy" network, funnelling money to a former colleague who had shifted to the private sector. It seemed to them that Jaffe was putting pressure on center directors to award subcontracts to his friends' firm and pressure on regional Job Corps directors--who had veto power over such contracts--to approve the awards. Because the national director was quite able to make life miserable for these officials, the pressure was achieving its desired result. Yet the auditors, who were convinced that virtually everyone with senior status in Job Corps was aware of the arrangement, found that Job Corps had some staffers who wanted to bring the dealings to an immediate halt. (One of the auditors could not help marvelling at the professional skill exercised by the national director to operate the network, commenting, "these guys are contracting officers--their whole careers revolved around contracts, and they knew exactly how far they could go.")

The OIG auditors took exception not just to Jaffe's conduct, but to a number of other procurement practices which they believed occurred all too frequently throughout Job Corps. Specifically: modifications (amounting to increases in costs) of three year RFP contracts for center operations in the second year of the contract; unnecessary sole-sourcing at the regional (in addition to the national) office level; and the absence of documentation on the procurement process for many awards. Moreover, in the eyes of the auditors, regional contracting officers and project managers were doing a poor job in negotiating contracts on terms favorable to the government and in monitoring adherence to the contract. One of the "underlying problems" was the "lack of training of the staff--a lot of these people," an auditor commented, "have had no formal procurement training."

While they expressed dismay at Jaffe's conduct and not much confidence in the ability of Job Corps managers to administer the procurement process efficiently, the OIG auditors attributed part of the problem in Job Corps contracting to staff cutbacks in the regional branches, sudden injections of money into the program by White House and congressional politicians, and inadequate supervision by ETA's leadership, particularly by the Greene regime. The auditors also commented that it was unfair to blame Job Corps totally for abuses of sole sourcing authority; DOL's procurement board, they said, had hardly operated a fault-free mechanism for approving requests for sole source awards.

The question of contracting abuses, one auditor pointed out, touched obviously on the issue of overspending and, less obviously, on the quality of the training offered by Job Corps:

Contractors were doing what they wanted: they got contracts pretty much at the price they asked for. And certain people had favors done for them because they knew the right people. And all this cost money. . . . But perhaps the most important thing to think about is how that firm that was rated number one [in the panel evaluation] and did not get the contract would have run the center. I mean, one firm is picked as the best, and someone reaches down and picks the second, or the third choice. Maybe it's the kids in the Job Corps centers who end up being really short-changed in the process, because they're not getting the best program.

At the same time, OIG recognized a tradeoff between eliminating fraud and abuse from Job Corps and maintaining a flexible and smoothly functioning--that is, efficient---

administrative system. As McBride commented, "any time you install an internal control you've added a step in the administrative process which on the one hand can reduce the opportunity for fraud and waste but on the other hand may slow up the process and contribute to some inefficiencies." "You always have to weigh the costs and benefits of any internal control." OIG did not, however, see any incompatibility between accomplishing the "cleanliness-efficiency" objective and achieving the social (and statutory) aim of Job Corps--to help poor youths to become productive members of American society. And they rejected the notion that by furthering Angrisani's agenda for "cleaning-up" the management of Job Corps, they were furthering the agenda of Republican conservatives who were philosophically opposed to the existence of Job Corps. Gerald Peterson, Deputy Assistant Inspector General for Audit, expressed a widely held view in OIG quarters:

I totally believe that you can manage social programs like a business. . . . Clean does not mean hollow. . . . And I think that the public will accept those programs much better when they are managed that way. There is nothing about CETA that the general public finds objectionable--I think there is a basic understanding that people need to be trained, and that the government ought to do that. But they expect integrity in the process . . . for instance, under the old manpower programs, there were some good programs, but the public lost confidence in them essentially because we didn't manage them like it was our own money, in a business-like atmosphere.

Job Corps Speaks Out

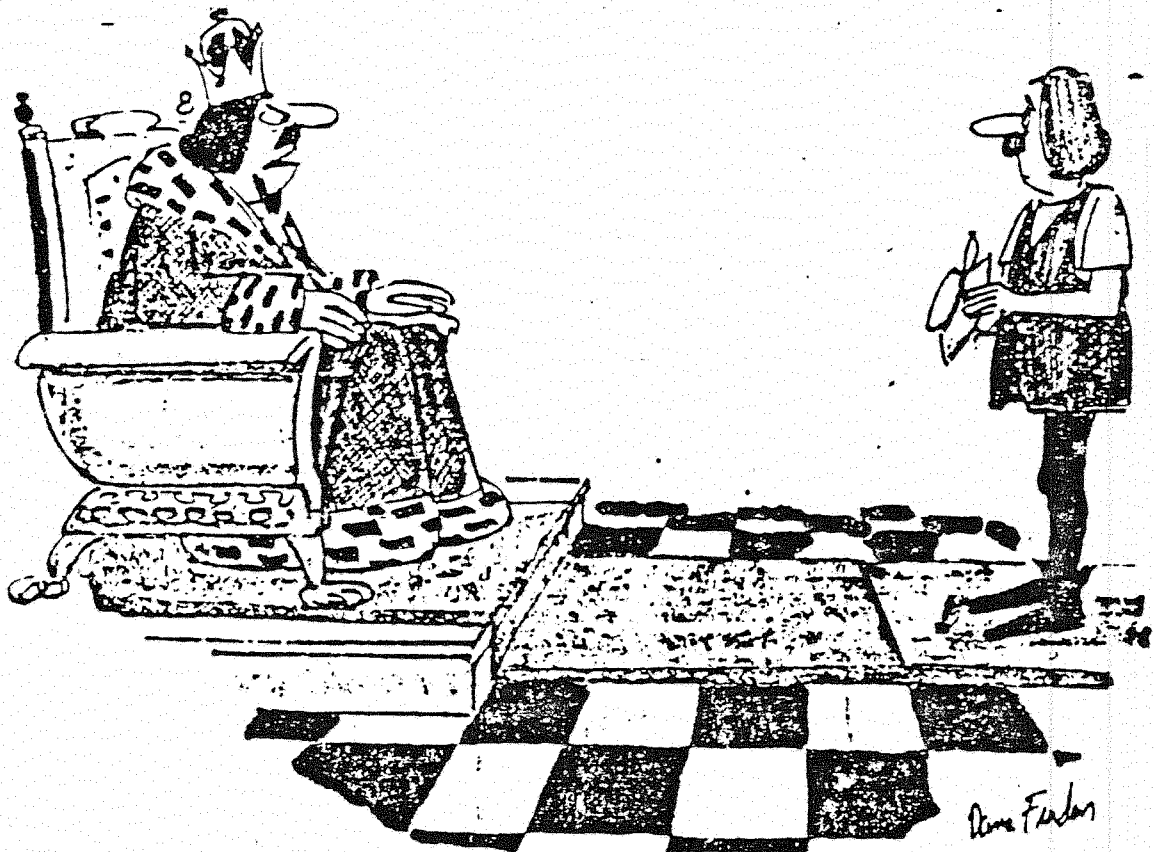
The Job Corps fraternity--the network of national and regional office staffers, supporters in Congress, private consultants, and contractors--was intensely proud of the program's longevity and of Mathematica's verdict that the program was "cost effective" (see Note on the Job Corps). Most felt threatened by Angrisani's "get control" effort--reminiscent of (mostly failed) ventures by DOL managers in the Nixon years--and some were outraged by the suspicion of the ETA managers and OIG auditors that Job Corps was a bastion of fraud and mismanagement. Stan Leibner, Chief of Review and Evaluation, and a South Bronx native who came to Job Corps after working in the South with Esther Friedman in the civil rights movement in the early 1960's, was characteristically blunt:

. . . Frankly, I think some of this is that they're trying to embrace some winner--there's so few winners any more in ETA. that they're

trying to make Job Corps their own. It's like Job Corps is the only action in town, and in order to justify your existence, you say, let's go manage Job Corps. Let's come up with new assessments, new procurement regulations, new contract proceedings, all this says you're involved.

Dogs go to corners to leave droppings so they can mark and spot. This is evidently an animal instinct to mark off. Similarly, among bureaucrats they must put their mark on everything. They must embrace this, and say, this is our program . . . well, they embraced CETA, and its bones are scattered from here all the way to Capitol Hill.

Leibner and a number of other Job Corps staffers agreed that Jaffee was a "problem", but believed that ETA was using Jaffe's troubles and the procurement issue in general as a vehicle to take over the program as a whole, and, that Job Corps was capable of policing itself; as an example Leibner cited a memo he dispatched to Jaffe in April of 1981--before DOL and the Inspector General began raising concerns about abuses in Job Corps--which reported, among other things, that Job Corps staff had become uneasy about the concentration of power in Jaffe's office and about the absence of touch accountability standards for Job Corps private contractors. The memo included the below cartoon as a "commentary," Leibner said, about the state of affairs in the national Job Corps office.



Job Corps staffers in the regional and national offices were in fact the main sources for the allegations relating to Jaffe collected by Goldberg's procurement policy staff and the Inspector General's office. Some in the Job Corps fraternity believed that the leakers were inspired by jealousy and spite, and were playing right into the hands of the program's critics. Jaffe, according to this view, was hardly an ogre, and was filling admirably the program's need for a strong, colorful, and highly visible leader. A Job Corps center director, who had been with the program for over a decade, commented that the "dump Jaffe" movement, if successful, would enable ETA to diminish the pivotal role of the director--to create, in short, a bureaucratic functionary--and that was likely to have negative repercussions in the field:

I'm not a businessman, and I don't think I'm running a business. I'm a teacher and I'm a psychologist. . . . Now, when you take kids off the street, and put them in [this] program, you're basically isolating them--they don't get to see anyone actually running the Job Corps program that often. So when national office people and especially the national director can get around and talk to kids, they're saying, "That's an important person talking to me."

If I were setting up the national office, I would have a national director and a deputy. All the administrative work would be done by the deputy, approved by the director. Then I'd put the national director in a plane and have him run around the country from one Job Corps center to another. He'd be coming in there saying, "Keep up the good work, gang." or "Why don't you have that water tower painted green." Or he'd see a group a young people and say, "Gee, this looks like a good group, good strong kids, why don't you guys have a soccer team!!" And they say, "Well, we don't have any money for a soccer team, for uniforms or anything."

And here's Dick Jaffee: "I'll get it for you." Because he's excited, I mean he really had a feeling for it, it wasn't phoney. He had tremendous charisma, he could charm the hell out of center people. . . . And Dick Jaffe would get back to Washington and he'd produce it somehow or another. And he was a hero with those kids for doing it, and made them feel good about Job Corps. And as long as it was done legitimately, and I don't know whether it was or not, that's not the point. The point was that it was done and the kids felt that someone in Washington cared.

It was not just the "kids" in Job Corps, the center director continued, who were in need of morale boosting:

It's important for center directors, for senior staff, for everyone to have a national director who comes around and cheers them on. Dick Jaffe could give such speeches off the top of his head! He's a better bullshitter than I am and I'm a helluva good one. But he could make everybody ready to pick up a shovel and go out and dig the first hole for a new building or whatever. He had the ability to instill determination in other people.

Whether "pro" or "anti" Jaffe, Job Corps veterans were skeptical of the benefits of merging the program with the mainstream of the ETA bureaucracy. Again, Leibner was brutally blunt about his convictions:

Job Corps is a self-contained, manpower program that could operate under Democrats, socialists, Republicans, anarchists--it does not require a political identification, and it doesn't have to be in a Department of Labor. It was placed here for administrative convenience. It receives nothing from DOL. This is the key thing: Nothing from ETA. Recruiting and screening are done independently, and the DOL's computerized information and management system is so bad that I removed Job Corps from it and put our data base in one of our Job Corps centers.

Even a senior ETA official from the days of the Carter administration--an "academic" type who at first was somewhat appalled by what he took to be the "slovenly appearance" and "sleazy manners" of Job Corps staffers, but who came to view Job Corps as one of the only jobs training program which actually "worked"--believed that DOL managers were probably incapable of really "feeling" what Job Corps was all about:

Has Bob Jones ever slept in a Job Corps center--does he really have any idea what the Job Corps program is? I doubt it. Job Corps people know their system, every aspect of it. And they care about it.

Similar sentiments were echoed by Clark Rechtin, Counsel for Carl Perkins' House Education and Labor Committee, which helped draft the enabling legislation for Job Corps and which had been protecting Job Corps for years from the marauding--as the committee saw it--of DOL bureaucrats. While Rechtin agreed that Job Corps staffers were perhaps not at their best when it came to "writing checks" and "preparing budgets", their likely replacements--ETA bureaucrats adept at "running adding machines"--would be much worse:

ETA people would like to bring Job Corps under its wing, and Chairman Perkins thinks its a mistake. . . . If anything, the justification is there to say, "Job Corps, take over ETA," rather than "ETA, take over Job Corps". . . . All you have to do is lay out the performance of the department. In both Democratic and Republican administrations, the labor department has always done a lousy job of running the CETA program. And it wasn't that the programs weren't valid. PSE [the Public Service employment component of CETA] was a valid program. But nobody at DOL has apparently cared very much about its mission; none were real proponents for the program. If they had had some [Job Corps types] over there, getting out and arguing for it, PSE might have succeeded.

Rechtin said that Job Corps political support on Capitol Hill was hardly, as ETA seemed to suggest, disreputable, since no congressman would stick up for a fraud-infested program and because, contrary to what many thought, having a Job Corps center in one's district was at times as much a political liability as an asset.* He acknowledged that the Jaffee regime at Job Corps may have relied too heavily on [support service] contracts for performance of work that might better have been done by the government, but blamed government rules restricting Job Corps staff ceilings for the problem.

Another member of the Job Corps fraternity, one who had been associated with the Job Corps in a variety of governmental and non-governmental capacities, placed the staffing issue at the heart of the debate over the program's ills:

The Job Corps started out as a bootstrap operation, people operating out of hotel rooms and under the craziest of circumstances. "Job Corps" was nothing but a concept. It was like trying to build a building without a blueprint. There was no system, I mean they had to borrow people from other agencies just to tell them about administration and contracting--you had to have somebody who could spell "government."

. . . But that changed--in fact, one of the things that made the program very exciting in the '65-'70 period was that Job Corps had people coming out of the staffs of centers, and getting hired by OEO bureaucracy. And these people knew how to get things done, contracting and so forth.

As soon as Nixon came in, his first move--every Republican president does the same thing--was to stop hiring in the bureaucracy.

*As an example, Rechtin said that in the districts of some congressmen from the South, Job Corps centers containing mostly Black, "urban ghetto" enrollers, were not popular amongst the electorate.

For Job Corps, the edict went in that you couldn't take people from the centers into the government, whether it was on a regional or a national level. Only the people that were there at that point could remain. And of course, Job Corps was a bastard child, literally, for DOL, and it looked like Nixon wanted the whole operation to die. . . . About the only good thing they did was to standardize the purchasing process--to make sure that everyone was bidding on a standardized RFP.

So the program really began to sort of stagnate. People in the national office couldn't move up, couldn't get promoted, and they didn't like being treated that way. It's sort of like you start with a big bucket of soup and you keep boiling it off and boiling it off and pretty soon you get an awful mess in there that really isn't very tasty.

Morale was not improved, the source continued, by DOL's decision to integrate the regional Job Corp offices into DOL's regional offices. Job Corps "natives" appeared to be losing control over the program. The election of Jimmy Carter in 1976 changed suddenly the fortunes of Job Corps, putting program managers back in the driver's seat, but also, presenting them with a different kind of problem:

So Carter comes in and says, "Let's expand the program--double the size of it"--but there's still a freeze on hiring! So, the government does what it always does--when faced with this situation--it contracts out for the work. Contracts for center operations, for studies on building and sites, for doing community relations and developing new programs. The work gets done, but outside, instead of inside the government. You have new people [contractors], new money, new power . . .

And then [in 1979] they "renationalized" the program to help the expansion--if you're the regional Job Corps Director your phone line is now connected to the national office, you take orders from him. And if you're Dick Jaffe, you've got money and a directive to double the program, and the only way you can do that is through a central location, not through 10 regions . . . And you say, "Why can't I just contract right here?--I can do it quicker. I can do it more efficiently."

Between a national director who spent a considerable amount of time on the road visiting centers, and a national and regional office staff used to managing a program half as large, the pace of contracting was simply overwhelming, the source said:

If you wanted to cheat this would have been a good time for the contractors to do it. I mean, they were left out there floating--I know that there were centers that were not visited by a federal employee for one solid year. Not one year. The regional offices

didn't have any travel money, and there just weren't enough people to make the trips . . . I bet you that if it was the Department of Defense, it would have been Christmas day 365 days of the year--as it was I think the contractors are by and large honorable people. . . . but you cannot operate a program that way.

It was not just the contractors, perhaps, who were tempted to cut corners, according to the source. Administratively, the expansion plan was handled in ETA by the national director and his superior, the director of the Office of Youth Programs. The national director was the contracting officer, but his decisions were subject to the review of the Youth Programs Office. Apparently, this system functioned fairly smoothly until the spring of 1980, when Jaffe's superior, Robert Taggart left the department and ETA failed to appoint in his stead an equally tough and able administrator:

Jaffe was essentially reporting to nobody. And then, this is a sort of subtle point, the personality of Dick Jaffe began to take over--he didn't have any plan--but just kind of said, "Okay, I'm just fulfilling my role . . . and I don't think he took advantage of it, he just performed his job more strongly than he probably should have.

It was not Dick Jaffe's fault. It was the department's fault. Because they should have filled that vacuum after Taggart left, and they should have had somebody laying on him and watching over him. Instead, they just had a bunch of watchdogs barking and screaming and hollering about any kind of expenditure, and creating boards and new procedures and a paper storm upstairs to back it all up.

Job Corps' "problem," the source concluded, was a combination of low morale, an absence of quality leadership, and insufficient staff; the Angrisani agenda of an ETA-wide reduction in force, tougher review standards for procurements, and a reorganization of program management and contracting responsibilities addressed none of these areas, and actually contributed to the affliction. The appropriate remedy would be the appointment of a dynamic, new national director of unimpeachable character, an advocate for Job Corps within the department and not merely a bureaucratic "staff man":

If I was advising this new person, I would say, first of all, "You've got to come in strong--you can't come in as a hand-me-down." And if there's any fraud and abuse, by God, I'm going to get it." And I would tell that person to get a very good idea on who you are reporting to--make sure that there's not five doorstops between you and the Assistant Secretary. Tell them, "If you don't trust me

you don't need to hire me--if you need 42 people to look over my shoulder then you don't need me." In other words, don't be a patsy--this program cannot be run by a mouse--it'll fall apart.

Second, I would advise him to get regional directors that he knows he can trust and that can follow his orders. And he should get sufficient staff to monitor those contracts properly, and an ability to bring in new blood to the program from the center staffs. I mean, when you have a knowledgeable staff in the proper numbers, then the checks and balances in the [procurement] system start working again--you don't need X number of boards in ETA headquarters and GAO and IG auditors coming in all the time.

Finally, you've got to reestablish control with the contractors--control which they don't have now. You've got to lead them. I mean, don't treat a contractor like a piranha. Right now, if you're a contractor, the atmosphere in ETA is, "Here comes a thief. Let's watch him very carefully and see where we can find out from where he is stealing." I mean, the prevalent attitude is that these guys are just frauding and abusing the government to hell, and "We're going to take over and control them." They're not thieves, and that's no way to run a good program.

There was considerable skepticism over whether Angrisani would ever take the "bold" step of appointing a strong leader to revitalize Job Corps; the source himself judged that ETA "wanted someone who was going to be a mouse." Another Job Corps veteran was less prone to judge the upstairs management so harshly, and viewed the "get control" issue not in terms of "encroachment" per se, but in terms of the type of control that Angrisani's office wanted to exercise over Job Corps:

Well, the party line is that they're going to hold everybody accountable, and hold all the programs accountable. That's like being for motherhood and apple pie! There's nothing wrong with that. The issue is not accountability, the issue is, to what extent, to what degree to you go in order to insure "perfect accountability"? I mean [the Assistant Secretary] can't possibly run the totality of the agency and make all the funding decisions, because everything would come to a screeching halt.

For still others, the "accountability" controversy was largely a false issue; Clark Rehtin, for one, tended to view Angrisani's effort to revise management practices within Job Corps as just one component of a much larger agenda, dictated from above by the Office of Management and Budget, whose leader, David Stockman, was "ideologically" opposed to the Job Corps. Rehtin was hardly reserved in broadcasting this conviction; he told a

group of center operators in early 1981 that they should "proceed with caution" in the task forces set up by Jones, being "suspect about how [their] contributions [would] be used, and not signing off on something they disagreed with." Moreover:

There is an underlying theme to the Administration's actions. They don't believe that the federal government has a legitimate role in social programs. Therefore, they tamper with the successful programs, like Job Corps, administratively. Pretty soon they too will be mediocre.

A former ETA official, sympathetic to Job Corps, articulated the "nightmare" more starkly:

What I object to is not the evaluations, the task forces with contractors, the meetings on the Hill . . . What concerns me is that this is all form--form without content--because the fact is that the purpose of all this activity is to prepare the program for budget cuts--maybe even for extinction. The rest of CETA has been devastated--just wiped out--so Job Corps and its \$750 million sticks out like a sore thumb and they want to cut it off.

Job Corps supporters promised to match the administration "blow for blow" in the political fight they predicted was coming over funding for the program in the fiscal year 1983 budget, to be revealed in January 1982. One warned of a "last ditch" effort of a "march on Washington" by alumni of the program--"a lot of whom are no longer hungry and no longer considered stupid." Commented Leibner:

We came here [to DOL] under Nixon, and the only thing that preserved the program was legislative activity--Perkins and [Labor Appropriations Subcommittee head] Natcher. It's ridiculous to look here for support, no one cares about particularly whether we exist . . . we never listen to them upstairs in terms of what they're saying. It doesn't matter. The story is what's going to happen politically. If the politicals abandon us, we're finished.

Bob Jones believed that previous ETA managers had concluded, erroneously, that the political connections of Job Corps personnel made them bureaucratically untouchable, and vowed to "root out many of the people down there." Angrisani was not going to be intimidated against moving ahead with his reforms:

They have lived for years on political support, and that's a great when the program is being doubled in size, and you've got new centers, new kids, and new dollars. Well, hell, PSE was healthy in those days, and we went from zero to 750,000 people. Wonderful,

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF ADMINISTRATION
ROUTE SLIP

TO <u>John Roberts</u>	Take necessary action <input type="checkbox"/>
_____	Approval or signature <input type="checkbox"/>
_____	Comment <input type="checkbox"/>
_____	Prepare reply <input type="checkbox"/>
_____	Discuss with me <input type="checkbox"/>
_____	For your information <input type="checkbox"/>
_____	See remarks below <input type="checkbox"/>

FROM Dede [lea] DATE 4 21-83

REMARKS

HERE IS ANOTHER COPY

1. CONTRACT (Proc. Inst. Ident.) NO. MB 3C02	2. EFFECTIVE DATE 10-1-82	3. REQUISITION/PURCHASE REQUEST/PROJECT NO. RMB 1375/EOP0A-82-005	4. CERTIFIED FOR NATIONAL DEFENSE UNDER BOSA REG. 2 AND/OR DMS REG. 1. RATING:
5. ISSUED BY Executive Office of the President Office of Administration, Procurement & Contracts, Room 424, OEOB, 17th & PA. Ave., N.W., Washington, D.C. 20500		6. ADMINISTERED BY (If other than block 5)	7. DELIVERY FOB DESTINATION <input type="checkbox"/> NATION <input type="checkbox"/> OTHER (See below)

8. CONTRACTOR NAME AND ADDRESS President and Fellows of Harvard College John F. Kennedy School of Government 79 Boylston Street Cambridge, Massachusetts 02138	9. DISCOUNT FOR PROMPT PAYMENT N/A	10. SUBMIT INVOICES (4 copies unless otherwise specified) TO ADDRESS SHOWN IN BLOCK 11
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11. SHIP TO/MARK FOR Office of Cabinet Affairs ATTN: Mr. E. Preston Room 401, Old Executive Office Building Washington, D.C. 20500	12. PAYMENT WILL BE MADE BY Executive Office of the President Financial Management Division Room 4005, NEOB, 726 Jackson Place, N.W. Washington, D.C. 20503
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13. THIS PROCUREMENT WAS ADVERTISED, NEGOTIATED, PURSUANT TO: 10 U.S.C. 2304 (a)() 41 U.S.C. 252 (c)(5) Fixed Price

14. ACCOUNTING AND APPROPRIATION DATA
1130300 Div: 140 Obj. Class: 75

15. ITEM NO.	16. SUPPLIES/SERVICES	17. QUANTITY	18. UNIT	19. UNIT PRICE	20. AMOUNT
	Prepare two case studies relevant to current administration; develop and present six sessions for Subcabinet Seminar in Professional Public Management in concert with the Office of Cabinet Affairs, in accordance with the statement of work which follows, and the contractor proposal attached hereto and made a part hereof.				

21. Fixed price TOTAL AMOUNT OF CONTRACT \$ 78,311.00

CONTRACTING OFFICER WILL COMPLETE BLOCK 22 OR 26 AS APPLICABLE

22. <input checked="" type="checkbox"/> CONTRACTOR'S NEGOTIATED AGREEMENT (Contractor is required to sign this document and return 5 copies to issuing office.) Contractor agrees to furnish and deliver all items or perform all the services set forth or otherwise identified above and on any continuation sheets for the consideration stated herein. The rights and obligations of the parties to this contract shall be subject to and governed by the following documents: (a) this award/contract, (b) the solicitation, if any, and (c) such provisions, representations, certifications, and specifications, as are attached or incorporated by reference herein. (Attachments are listed herein.)	26. <input type="checkbox"/> AWARD (Contractor is not required to sign this document.) Your offer on Solicitation Number _____, including the additions or changes made by you which additions or changes are set forth in full above, is hereby accepted as to the items listed above and on any continuation sheets. This award consummates the contract which consists of the following documents: (a) the Government's solicitation and your offer, and (b) this award/contract. No further contractual document is necessary.
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23. NAME OF CONTRACTOR BY Patricia Benfari (Signature of person authorized to sign)	27. UNITED STATES OF AMERICA BY Strat D. Valakis (Signature of Contracting Officer)
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24. NAME AND TITLE OF SIGNER (Type or print) Patricia Benfari Director, Off. of Sponsored Research	25. DATE SIGNED 12/09/82	28. NAME OF CONTRACTING OFFICER (Type or print) Strat D. Valakis	29. DATE SIGNED 12/09/82
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Contract ScheduleArticle

- I. Statement of Work
 - II. Period of Performance
 - III. Report Requirements
 - IV. Requirements Schedule
 - V. Method of Payment
 - VI. Designation of Contracting Officer's Technical Representative
 - VII. Key Personnel
 - VIII. Order of Precedence
 - IX. Government Furnished Property and Services
 - X. Withholding of Contract Payment
 - XI. Insurance
 - XII. Handling Confidential Information
 - XIII. General and Additional General Provisions
 - XIV. Special Provision
- Att. A Contractor Proposal of September 15, 1982
Att. B Offeror Representations and Certifications

Article I. Statement of Work

A. Background

The key members of the Administration's managerial cadre are the 200 or so principal appointees of the subcabinet and independent agencies. These are the assistant secretaries, general counsels, and key program managers on whose shoulders the success of many Administration initiatives will rise or fall. These personnel are strategically placed. Above them are their immediate supervisors -- the Cabinet, OMB and the White House. Subcabinet officials are often on the point, carrying the Administration's programs to Congress, to interest groups and to the public at large. They have a key role in building support for the Administration's objectives and in sustaining it. They deal extensively with their peers, also political appointees, with whom they share responsibility for the management of various programs and functions.

In government, more so than business, the general management function is crucial. Authority is diffuse, and many individuals and institutions (Congress, the press, interest groups) have a hand in shaping the character of managers' mandates for action. Goals are often unclear, as objectives may be at cross purposes, and interested parties claim differing interpretations and priorities for managerial action. Hamstrung by legal and administrative constraints, public managers find they have limited capacity to marshal financial and personnel resources to solve Administration problems.

While people are appointed to such roles from a wide variety of backgrounds with varying degrees of prior management experience and familiarity with the operations of government agencies and programs, an Administration's success will depend crucially on the managerial effectiveness of these appointees.

B. Scope

To address the situation described above, the contractor shall design and conduct a series of programs for subcabinet appointees.

1. Such program shall incorporate six (6) presentations of no more than two days length each.
 - Presentations shall be designed to accommodate an audience of 25-35 members.
 - Attendees will be selected by the Office of Cabinet Affairs.
 - Presentations shall be made over a fifteen (15) month period, with the first presentation made no later than December 15, 1982.

- Presentations shall be conducted in the Executive Office of the President complex in Washington, D.C.
 - Administration and coordinating details will be directed to the Contracting Officer's Technical Representative (COTR).
2. Program design will incorporate the management case study approach. Existing relevant case material may be offered for consideration.
- Additionally, the contractor is required to develop two (2) cases based on experiences gained during the current Administration. Development cases require approval in advance of full development, through the COTR.
- The government reserves the right to use freely such case materials developed, at no additional charge.
3. All materials necessary for distribution to attendees will be approved in advance by the COTR.

Article II Period of Performance

The period of performance under this contract is from October 1, 1982 through December 1983.

Article III Report Requirements

Bimonthly reports reflecting progress of the work shall be submitted to the COTR. Additionally, letter summary reports shall be submitted to the COTR within thirty (30) days of completion of each presentation evaluating format, content, participant involvement, administration and other areas as mutually agreed. Responses, if required, will be submitted to the contractor within fifteen (15) days of report receipt.

A final report shall be submitted to the COTR within thirty (30) days of the last presentation, or no later than December 1983. Such report shall include an overall evaluation of the seminar series, completed cases and teaching notes.

Article IV Requirements Schedule

- A. Development schedule for two approved cases will be in accordance with the contractor's proposal dated September 14, 1982, attached hereto and made a part hereof. (Att. A)
- B. Schedule for presentations:

Within the period of performance specified in Article II hereto, the presentations will occur approximately every second month with specific dates to be agreed upon by the parties. (See tentative schedule in September 14 proposal.)

OK
 12/8-82

Article V Method of Payment

In consideration of satisfactory performance of the work set forth herein, delivery of requirements as set forth in Article IV, and compliance with all terms and conditions of this contract, the Government shall pay the contractor as follows:

- a. Payments will be made against the total price agreed upon herein on the basis of completion of presentations thusly-
(Total price) x 1/6 = Payment.
The total amount to be paid under this contract shall not exceed \$ 78,311.00 .
- b. Payments will be made upon receipt of a proper invoice, to be submitted subsequent to completion of each scheduled presentation.
- c. Final payment will be made after receipt of the Final Report, submitted in accordance with Article III herein.
- d. Invoices must be submitted in original and two (2) copies and must contain the following information:
- (1) Contract numbers;
 - (2) Description of services during the billing period
 - (3) Amount of invoice.

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2/19/92

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12-5-82

Invoice mailing address. To receive certification before payment can be made, mail invoices to the following address:

Office of Cabinet Affairs
ATTN: E. Preston
Room 401, Old Executive Office Building
Washington, D.C. 20500

Article VI Designation of Contracting Officer's Technical Representative (COTR)

- a. The Contracting Officer hereby designates the below named individual(s) as the COTR.

Name: Edward Preston

Address: Office of Cabinet Affairs
Room 401, Old Executive Office Building
Washington, D.C. 20500

Phone: (202) 456-2800

Article VII Key Personnel

The personnel specified hereunder are considered to be essential to the work being performed herein. Prior to diverting any of the specified individuals to other programs, the Contractor shall notify the Contracting Officer reasonably in advance and shall submit justification (including proposed substitutions) in sufficient detail to permit evaluation of the impact on the program. No diversion shall be made by the Contractor without the written consent of the Contracting Officer; provided, that the Contracting Officer may ratify in writing such diversion and such ratification shall constitute the consent of the Contracting Officer required by this clause. The listing hereunder may be amended from time to time during the course of the contract to either add or delete personnel, as appropriate.

Jonathan Moore
Peter Zimmerman

Article VIII Order of Precedence

In the event of an inconsistency in this contract, unless otherwise provided herein, the inconsistency shall be resolved by giving precedence in the following order: (a) the Schedule, (b) General Provisions, and (c) the other provisions of the contract whether incorporated by reference or otherwise.

Article IX Government Furnished Property and Services

Facilities for the Contractor shall be located in the EOP complex, Washington, D.C. The Government will provide space, heating, lighting, ventilation, and the utilities required for operation. The Government shall provide such office equipment as shall be necessary for operation by the Contractor. Ownership of all equipment to be furnished shall remain vested in the Government.

With the approval of the Government, the Contractor may use items of his own at no cost or liability to the Government, provided that the use of such equipment will not result in overloading of existing utility resources. Such equipment shall conform to accepted standards for the EOP.

Article X Withholding of Contract Payments

Notwithstanding any other payment provisions of this contract, failure of the contractor to submit required reports when due, or failure to perform or deliver required work, supplies, or services, will result in the withholding of payments under this contract unless such failure arises out of causes beyond the control, and without the fault or negligence of the contractor as defined by the clause entitled "Excusable Delays," "Default," "Termination," or "Termination for Default" as applicable. The Government shall promptly notify the contractor of its intention to withhold payment of any invoice or voucher submitted.

- b. The COTR is responsible for administering the performance of work under this contract. In no event, however, will any understanding, agreement, modification, change order, or other matter deviating from the terms of this contract be effective or binding upon the Government unless formalized by proper contractual documents executed by the Contracting Officer prior to completion of the Contract.
- c. The COTR is responsible for: (1) monitoring the Contractor's technical progress, including the surveillance and assessment of performance and recommending to the Contracting Officer changes in requirements; (2) interpreting the scope of work; (3) performing technical evaluation as required; (4) performing technical inspections and acceptances required by this contract; and (5) assisting the Contractor in the resolution of technical problems encountered during performance. The Contracting Officer is responsible for directing or negotiating any changes in the terms, conditions, or amounts cited in the contract.
- d. For guidance from the COTR to the Contractor to be valid, it must: (1) be consistent with the description of work set forth in the contract; (2) not constitute new assignment of work or change to the expressed terms, conditions, or specifications incorporated into this contract; (3) not constitute a basis for an extension to the period of performance or contract delivery schedule; (4) not constitute a basis for any increase in the contract cost.
- e. On all matters that pertain to the contract terms the Contractor must communicate with the Contracting Officer. Whenever, in the opinion of the Contractor, the COTR requests effort outside of the scope of the contract, the Contractor should so advise the COTR. If the COTR persists and there still exists a disagreement as to proper contractual coverage, the Contracting Officer should be notified immediately, preferably in writing if time permits. Proceeding with work without proper contractual coverage could result in non-payment or necessitate the submittal of costly claims under the contract.
- f. The COTR may be changed by the Government at any time without prior notice to the Contractor. Written notice to the Contractor will be given by the Contracting Officer to effect any change in Project Officer(s).

Article XI Insurance

The contractor assumes all legal and professional responsibilities and liabilities attendant on the practices of the Contractor.

Article XII Handling Confidential Information

- A. It is understood that the Contractor in the course of this contract may develop confidential information about an individual. Confidential information, identifiable by individual participant, includes information imparted with the understanding that it not be disclosed.
- B. Confidential information identifiable by individual participant shall not be disclosed without the prior consent of that individual.
- C. The Contractor agrees to insure that all quotes are cleared for accuracy by the participant involved.
- D. The case studies to be used under this contract will be subject to the review and mutual agreement of the parties. The Contractor agrees to submit to the COTR a copy of any proposed article or material to be disseminated to the public prior to publication or simultaneous with initial submission of the draft to a publisher, whichever is earlier. This applies equally to material developed: 1) for case study; and 2) from seminar presentations. The Contractor shall give good faith consideration to all comments.
- E. Nothing in this contract shall be construed to prohibit the Contractor from publishing or releasing non-confidential information developed under this contract.
- F. If it is established that information to be utilized under this contract or a portion thereof, is subject to the Privacy Act, the Contractor will follow the rules and procedures of disclosure set forth in the Privacy Act of 1974, 5 U.S.C. § 552a, and implementing regulations and policies, with respect to systems of records determined to be subject to the Privacy Act. It is the intention of the parties that this contract will not generate a system of records covered by the Privacy Act, 5 U.S.C. 552a.
- G. The Contractor agrees to credit the Executive Office of the President on any publication, stating that the research was supported by a contract with the Executive Office of the President but that the research and the results are solely those of the contractor.

Article XIII General and Additional General Provisions

A. The following are attached and hereby made a part of this contract:

1. General Provisions, Firm Fixed Price Type Contract.
2. Addendum to General Provisions.
3. Clause 10. Termination for Convenience of the Government is replaced by the clause in FPR §1-8.704-1. (See clause 57 on General Provisions Table of Contents sheet.)

B. The clauses which follow are deleted from the General Provisions as inapplicable to this contract:

9. Default
32. Changes

Article XIV Special ProvisionANTICIPATORY COSTS

Considering the short schedule required for implementation of design and development of two special case studies, and further, to provide for the availability of the final draft of the special case studies into the presentation schema as early as possible, the Government recognizes that the Contractor, at its own risk, accumulated costs in anticipation of the award of this contract for the benefit of the Government.

Accordingly, the Government agrees to pay such anticipatory costs identified by the Contractor as directly related to the effort herein and accumulated prior to the effective date of this contract, but in no event more than 60 days prior to that effective date. Such costs are not to exceed \$10,000.00, and are a part of, and not a supplement to the total firm fixed contract price.

Payment will be made in accordance with Article V of this contract.

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12/19/82

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PB
12-8-82

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF ADMINISTRATION

GENERAL PROVISIONS

(Fixed-Price Contracts, other than Supply Contracts)

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REQUIRED CLAUSES (FPR 1-7.3)

CLAUSE

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2. Payments
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4. Inspection
5. Assignment of Claims
6. Examination of Records by Comptroller General
7. Federal, State and Local Taxes
8. Utilization of Small Business Concerns
9. Default
10. Termination for Convenience of the Government
11. Disputes
12. Buy American Act Supply and Service Contracts
13. Convict Labor
14. Walsh-Healey Public Contracts Act
15. Contract Work Hours and Safety Standards Act—Over-time Compensation
16. Equal Opportunity
17. Officials Not To Benefit
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19. Notice and Assistance Regarding Patent and Copyright Infringement
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24. Utilization of Minority Business Enterprises
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29. Notice to the Government of Labor Disputes
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31. Audit and Records
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33. Notice to the Government Regarding Late Delivery
34. Key Personnel—*superceded by Article III*
35. Subcontracts
36. Disposition of Material
37. Interest
38. Certification of Nonsegregated Facilities
39. Stop Work Order
40. Renegotiation
41. Cost Accounting Standard Withdrawal

42. Rights In Data
43. Reproduction of Reports
44. Notification of Changes

If the contract amount exceed \$100,000, the following shall also apply:

CLAUSE

45. Price Reduction for Defective Cost or Pricing Data
46. Price Reduction for Defective Cost or Pricing Data—Price Adjustments
47. Subcontractor Cost or Pricing Data
48. Subcontractor Cost or Pricing Data—Price Adjustments
49. Cost Accounting Standards

If contract amount exceeds \$500,000, the following shall also apply:

CLAUSE

50. Small business Subcontracting Program
51. Labor Surplus Area Subcontracting Program
52. Minority Business Enterprises Subcontracting Program

Optional Clauses: The following clauses apply as indicated by a check (X).

CLAUSE

53. ___ (A) Government Property (FPR 1-7.303-7(a))
___ (B) Government-Furnished Property (Short Form) (FPR 1-7.303-7(c))
___ (C) Government Property (Fixed-Price, Non-profit) (FPR 1-7.303-7(d))
54. ___ Privacy Act
55. ___ Contract Provisions for Advance Payments
56. ___ (A) Progress Payments (Total Costs)
___ (B) Progress Payments—Short Form "Total Costs" Clause (Total Contract does not exceed \$100,000)
57. ~~XXX~~ Termination for Convenience of the Government (Will replace Clause 10 if Contractor is a Nonprofit or Educational Institution) FPR 1-8.704-1
58. ___ (A) Coordination of Federal Reporting Services
___ (B) Coordination of Federal Reporting Services
59. ___ Service Contract Act of 1965, As Amended

ADDENDUM TO GENERAL PROVISIONS

The following clause applies to the subject contract and replaces the disputes clause under "required clauses" in the general provisions.

Disputes Clause:

(a) This contract is subject to the Contract Disputes Act of 1978 (Public Law 95-563).

(b) Except as provided in the Act, all disputes arising under or relating to this contract shall be resolved in accordance with this clause.

(c)(i) As used herein, "claim" means a written demand or assertion by one of the parties seeking, as a legal right, the payment of money, adjustment or interpretation of contract terms, or other relief, arising under or relating to this contract.

(ii) A voucher, invoice, or request for payment that is not in dispute when submitted is not a claim for the purposes of the Act. However, where such submission is subsequently not acted upon in a reasonable time, or disputed either as to liability or amount, it may be converted to a claim pursuant to the Act.

(iii) A claim by the contractor shall be made in writing and submitted to the Contracting Officer for decision. A claim by the Government against the contractor shall be subject to a decision by the Contracting Officer.

(d) For contractor claims of more than \$50,000, the contractor shall submit with the claim a certification that the claim is made in good faith; the supporting data are accurate and complete to the best of the contractor's knowledge and belief; and the amount requested accurately reflects the contract adjustment for which the contractor believes the Government is liable.

The certification shall be executed by the contractor if an individual. When the contractor is not an individual, the certification shall be executed by a senior company official in charge at the contractor's plant or location involved, or by an officer or general partner of the contractor having overall responsibility for the conduct of the contractor's affairs.

(e) For contractor claims of \$50,000 or less, the Contracting Officer must render a decision within 60 days. For contractor claims in excess of \$50,000, the Contracting Officer must decide the claim within 60 days or notify the contractor of the date when the decision will be made.

(f) The Contracting Officer's decision shall be final unless the contractor appeals or files a suit as provided in the Act.

(g) The authority of the Contracting Officer under the Act does not extend to claims or disputes which by statute or regulation other agencies are expressly authorized to decide.

(h) Interest on the amount found due on a contractor claim shall be paid from the date the claim is received by the Contracting Officer until the date of payment.

(i) Except as the parties may otherwise agree, pending final resolution of a claim by the contractor arising under the contract, the contractor shall proceed diligently with the performance of the contract in accordance with the Contracting Officer's decision.

CONTRACT #

MB3C02

ATTACHMENT A

A PROGRAM FOR SUBCABINET SEMINARS AND CASE DEVELOPMENT

Submitted to the Executive Office of the President

in response to RFP EOPOA-82-005

by the

John F. Kennedy School of Government, Harvard University

September 14, 1982

A PROGRAM OF SUBCABINET SEMINARS AND CASE DEVELOPMENT

I. SUMMARY AND RATIONALE

Harvard's John F. Kennedy School of Government proposes to design and conduct a series of six programs for subcabinet appointees. Each program will be two days in length and will be offered to an audience of 25-35 members of the subcabinet, selected by the Office of Cabinet Affairs.

In addition, Harvard will develop two (2) new management teaching cases based on the experience of appointees of the current Administration. These cases, along with associated teaching notes, will be disseminated widely for use by government agencies, schools of public affairs and other potential users.

The key members of the Administration's managerial cadre are the 200 or so principal appointees of the subcabinet and independent agencies. These are the assistant secretaries, general counsels, inspectors general, and key program managers on whose shoulders the success of many Administration initiatives will rise or fall. These personnel are strategically placed. Above them are their immediate supervisors -- the Cabinet, OMS and the White House. Subcabinet officials are often on the point, carrying the Administration's programs to Congress, to interest groups and to the public at large. They have a key role in building support for the Administration's objectives and in sustaining it. They deal extensively with their peers, also political appointees, with whom they share responsibility and overlapping briefs for the management of various programs and functions.

In government, more so than business, the general management function is crucial. Authority is diffuse, and many individuals and institutions (Congress, the press, interest groups) have a hand in shaping the character of managers' mandates for action. Goals are often unclear, as objectives may be at cross purposes, and interested parties claim differing interpretations and priorities for managerial action. Hamstrung by legal and administrative constraints, public managers find they have limited capacity to marshal financial and personnel resources to solve Administration problems.

While people are appointed to such roles from a wide variety of backgrounds with varying degrees of prior management experience and familiarity with the operations of government agencies and programs, an Administration's success will depend crucially on the managerial effectiveness of these appointees.

Effective management at the subcabinet level has many dimensions. It requires knowledge of the substance of policies and programs, knowledge about the institutions involved in their authorization, execution and oversight, and knowledge and skill in performing various managerial functions.

II. HARVARD'S EXPERIENCE IN EXECUTIVE EDUCATION

Harvard has considerable background in executive education on which it has drawn in the design of the experimental Sub-Cabinet Program in Professional Public Management and in the preparation of this proposal. Forty years ago, Harvard Business School pioneered the development of executive education for the nation's business leaders and today operates the nation's largest and most extensive array

of programs for top business executives.

Harvard's John F. Kennedy School of Government has similarly been a pioneer in the development of programs for public executives, including notably:

- o The Program for Senior Managers in Government, a three week program for top career appointees in the federal sector and which also includes selected Congressional staff, private sector executives and non-career officials. The program is organized around the problems of general management near the top of the federal government and has enrolled over 400 executives in its first six years. It has been Harvard's experience with the SMG program that has focussed our interest and resources on many of the issues that underlie the curriculum for sub-cabinet appointees.

- o The Program for Senior Executive Fellows (SEF), an innovative and intensive thirteen week program for promising federal managers ready to move into the ranks of the Senior Executive Service. In many respects patterned on Harvard's Advanced Management Program for top corporate executives, the SEF Program is the nation's first program of comparable scope and breadth designed for the unique needs of public sector managers.

- o The Program for newly elected members of Congress, conducted in election years. Since 1974 it has enrolled over 200 members of Congress in a one week examination of key policy and legislative issues they will encounter in their first term.

o The Program in National and International Security, a unique two week program for the nation's top military officers and their civilian counterparts. The program addresses key policy issues, management and the perspectives of key actors in the national security arena, and has enrolled over 350 senior officers in its five years of operation.

These and other programs, which include a program for newly elected big city mayors, one for state and local executives and others for mid-career and executive level personnel, enroll over 600 senior officials annually from the executive and legislative branches and from all levels of government.

III. PROPOSAL

Over the next fifteen (15) months, Harvard proposes to design and conduct six subcabinet seminars focusing on the pivotal role of the subcabinet official as the government's general manager. Each program would be two days in length and would draw participation from cabinet departments and key independent agencies. We understand that the White House and the Office of Cabinet Affairs and sponsoring departments will select 25-35 participants for each two day program. Programs will be held on site in Washington within the White House/ Executive Office Building complex.

In addition, two new management cases, with supporting documentation and teaching notes will be prepared. The case topics, selected in conjunction with the White House Office of Cabinet Affairs will focus on issues of concern to current Administration appointees.

Harvard's approach to the design of these seminars will draw heavily on the first Subcabinet Seminar in Professional Public Management, co-sponsored by the White House Office of Cabinet Affairs and held on January 15-16, 1982. This seminar, the program for which is attached as Appendix A, concentrate on the role of the subcabinet official in handling issues that are technically, politically and managerially complex and on the problem of establishing strategic goals for an agency or bureau in the context of the general political and economic environment, Administration policy goals and existing institutional capacity.

The proposed seminar programs will focus on three central problems confronting public managers at this level:

- o First, how to deal with the environment external to the managers' agency (Congress, the press, special interest groups, legal institutions). In particular the perspectives of these institutions would be examined, choices illuminated as to how one could get things done with them and how to establish relationships and mandates for action that can be sustained.

- o Second, how to organize and integrate internal capacities and skills (personnel, budget, procurement, grants, legal counsel, information systems) to achieve goals efficiently and effectively. How does the general manager deploy these resources in particular situations? What does he/she need to know about technical skills and those who provide them?

- o Third, how to integrate analysis of the external environment and one's internal capacity to fashion a strategy for government agencies. An effective

strategy must take into account the need to sustain external support (which provides the necessary political and managerial resources) and the capacity of one's organization to deliver on promised goals and objectives. The analysis may suggest managerial action to shore up support or to rebuild or reorganize the administrative capacity of one's agency.

A central feature of each seminar will be its integrated approach, featuring a small core faculty, each of whom is fully involved in the whole program's design and execution. The faculty chairman for the seminars will be Professor Mark Moore, Guggenheim Professor of Criminal Justice Policy and Management at the John F. Kennedy School of Government. Other faculty participants will be drawn from Harvard's Schools of Business Administration and Law, as well as the School of Government. Each seminar would be led by a faculty team of 2-4 individuals, headed by Professor Moore. Other faculty participants (not all of whom will participate in all seminars) include Professor Joseph Bower, Professor of Business Administration; Philip Heymann, Professor of Law; Jonathan Moore, Lecturer in Public Policy and Director of the Institute of Politics; Hugh Heclo, Professor of Government; Laurence E. Lynn, Jr., Professor of Public Policy; Roger Porter, Associate Professor of Public Policy. Program administration is under the direction of Peter Zimmerman, Assistant Dean and Director of Executive Programs at the Kennedy School. Brief sketches of these key faculty personnel are enclosed as Appendix B.

The program faculty will select cases and other materials on managerial problems which illustrate effectively the management themes of the program and which link the several cases to permit the faculty to reinforce these themes.

This integrated approach is made all the more essential because of the tight time demands of the schedule and limited time available for busy participants.

A second feature of the program is the direct, continuing involvement of senior White House staff in the program. This is advantageous in two respects:

- o First, it provides salient testimony to the importance placed by the White House on strengthening its front-line cadre of senior managers. The willingness of the White House to commit its time and resources to the project requires that participants commit themselves fully as well.

- o Second, it provides a unique opportunity for the White House to underscore the central management themes of the program. The White House and Harvard portions of the program can be designed to complement and reinforce one another in ways that enhance the program's effect beyond what either institution could accomplish on its own.

The potential gain for all participants was illustrated by the experimental Subcabinet Seminar Program in Professional Public Management, held January 15-16, 1982. Based on the evaluation of that program, further improvements can be made in the integration of teaching materials and the respective roles of White House and Harvard staffs.

The program curriculum would make extensive use of managerial cases which focus on the kinds of problems faced by past officials in roles similar to the program participants. Case teaching, pioneered at Harvard, has proven to be an

especially effective pedagogical method in education programs for experienced executives. It actively involves participants in working through managerial problems & capitalizes on the collective experience of the class which often totals many hundreds of years. In addition to case teaching, the program would employ a lecture/discussion format where that is deemed appropriate to the topic (for example, an exposition on White House policy-making processes), as well as other instructional techniques, such as exercises when that seems desirable.

Program Format

The programs will be conducted over a two day period and will demand the full involvement of participants in the operation of the seminar. The programs will get away with an informal dinner the night before seminar sessions begin which will participants and faculty an opportunity to meet, establish rapport and set for the formal sessions. The seminars will conclude with a general and evaluation at the end of the afternoon of day two. Normally, seminars will be held on a Friday and Saturday (with an opening dinner on Thursday participants will contribute a weekend day thus minimizing time away typical seminar schedule is enclosed as Appendix C. which focus on typical managerial problems encountered will be distributed several days in advance of the have an opportunity to read them thoroughly at the burden of the case reader at of the cases for the lectures as

The program will require the study and preparation of at least two case studies by participants each day in addition to other background materials required for other sessions.

Target Audience

The target audience for the seminars consists of key assistant secretaries and others of comparable rank in policy-making or program management roles. Selected agency heads from agencies such as the Health Care Finance Administration, Social Security, the Forest Service, Customs Service, Internal Revenue, the FAA, etc. should also participate in the program. In addition, key functional managers such as those who oversee legislative relations and public affairs, as well as general counsels and inspectors general, should be included in this group, as well as some participants from the ranks of executive directors and chairmen of independent agencies such as EPA, the FTC, the SEC, and so on.

Participants will, by and large, be appointees who have limited previous service in the federal government. However, it is highly desirable that a minority of participants' have prior federal experience. This will both facilitate the work of the instructors and create opportunities for the participants to learn from one another. It also may be beneficial to have limited participation from career employees. The challenge for the sub-cabinet appointee is to harness effectively the goals of the Administration to the administrative capacity of the career service. Limited participation of career employees in the program can enhance the educational process significantly.

Schedule

Assuming a 1 October go-ahead, we have tentatively identified November 12-13 and November 19-20 as alternate dates for the first of the six subcabinet programs.

Subsequent programs would be conducted on a bimonthly basis, the precise dates selected in consultation with the Office of Cabinet Affairs. A tentative schedule is as follows:

- o Seminar I: November, 1982
- o Seminar II: January, 1983
- o Seminar III: March, 1983
- o Seminar IV: May, 1983
- o Seminar V: July, 1983
- o Seminar IV: September, 1983

As part of the seminar program, two new management cases will be developed and taught for the first time.

Case topics will be selected in consultation with the Office of Cabinet Affairs.

o A-(teachable) discussion draft of the first management case will be completed by 1 November, 1982. At that time, the draft will be made available to the Office of Cabinet Affairs and other reviewers. We plan to test teach the case in the initial subcabinet seminar. Subsequently, the case will be revised and a final version will be submitted to the Office of Cabinet Affairs by 1 January, 1983.

o A discussion draft of the second case will be completed by 1 January, 1983 and will be available for review prior to its test teaching in the second subcabinet seminar tentatively scheduled for mid January, 1983. Based on comments and teaching experience, the case will be revised and available in final form by March, 1983.

o Teaching notes will be prepared for both cases. The teaching notes will be based on the first two seminar programs. Draft teaching notes will be circulated for review by mid May, 1983.

Reports

Harvard will submit bimonthly reports reflecting progress of the work under the contract to the Contracting Officers Technical Representation (COTR). The reports will follow within thirty (30) days of each seminar and will include contractor and participant evaluations of each seminar, a status report on case development and other pertinent information.

The RFP asked for reports within 15 days of the seminar presentations. Our experience with the experimental Subcabinet Seminar in Professional Public Management in January was that it took a couple of weeks to gather a representative sampling of participant evaluations of the seminar (even though the evaluations were requested by and submitted to the Office of Cabinet Affairs). Since the participant evaluations are a most important element in preparing meaningful contractor reports, we propose a thirty (30) day reporting period.

A final report, including an overall evaluation of the seminar series and completed cases and teaching notes will be submitted to the Contracting Officers Technical Representative in December, 1983.

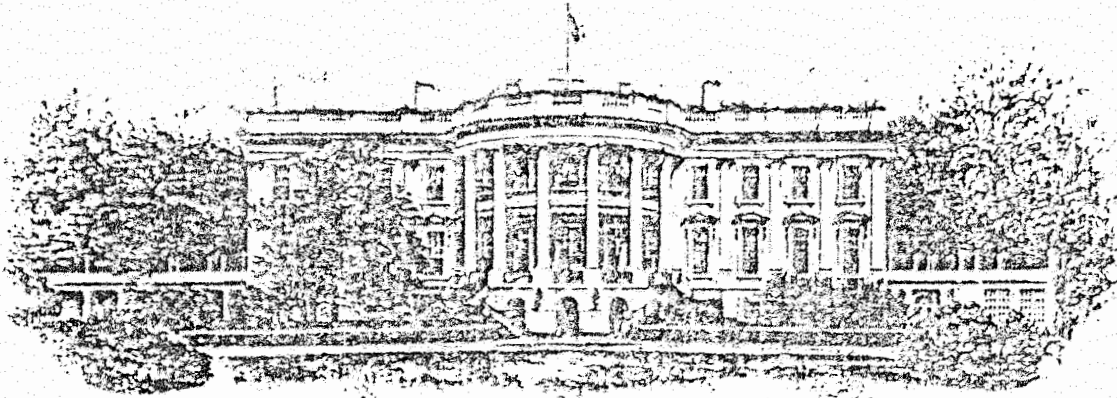
Program Costs

The total cost of the project is \$78,311. The cost includes \$30,886 in direct costs for conduct of six seminars, \$19,965 for development of two cases and teaching notes, and \$27,459 in indirect costs (based on Harvard's federally approved overhead reate of 54%).

Cost detail is provided in Appendix D and in standard form 60 (10-71).

Considering the tight schedule required for timely completion of work required under the proposed contract, Harvard proposes that the final contract include an anticipatory cost clause. The proposed language of this clause, which authorizes contractor costs not to exceed \$10,000 in the period 60 (sixty) days prior to the contract's effective date is at Appendix E.

SUBCABINET SEMINAR
IN
PROFESSIONAL PUBLIC MANAGEMENT



OFFICE OF CABINET AFFAIRS
THE WHITE HOUSE

JOHN F. KENNEDY SCHOOL OF GOVERNMENT
HARVARD UNIVERSITY

JANUARY 15-16, 1982

SUBCABINET SEMINAR IN
PROFESSIONAL PUBLIC MANAGEMENT

Co-sponsored by
Office of Cabinet Affairs
The White House

and

John F. Kennedy School of Government
Harvard University

January 15-16, 1982

Indian Treaty Room
Old Executive Office Building
Washington, D.C.

SCHEDULE

SUBCABINET SEMINAR IN PROFESSIONAL PUBLIC MANAGEMENT

Friday, January 15, 1982

- 10:00 - 10:15 Welcome and Introduction
Ben James
- 10:15 - 11:00 White House/Cabinet
David Gergen and Craig Fuller
- 11:00 - 11:30 OMB: Managing and Budgeting
Ed Harper
- 11:30 - 12:00 Administration Policy-Making
Ed Meese
- 12:00 - 1:15 Lunch - OMB Executive Dining Room
- 1:15 - 1:30 The Challenge of Professional Public Management
Graham Allison
- 1:30 - 3:00 SESSION I - The Swine Flu Affair: The Dimensions
of a Political Executive's Job
Mark Moore
- 3:10 - 4:40 SESSION II - William Ruckelshaus and the EPA: *
The Concept of Strategy as a Guide to Effective
Management
Joseph Bower
- 4:40 - 5:30 SESSION III - Contrasts Between Public and Private
Sector Management
Joseph Bower and Graham Allison

Saturday, January 16, 1982

- 9:30 - 10:50 SESSION IV - The Federal Trade Commission: A
Failing Agency?: The Use of a Strategy in
Evaluating Specific Actions
Philip Heymann
- 11:00 - 12:20 SESSION V - The Bureau of Security and Consular
Affairs: Authorizing Controversial Policies
Philip Heymann
- 12:20 - 1:35 Lunch - OMB Executive Dining Room
- 1:35 - 3:00 SESSION IV - Fraud, Waste and Abuse at HEW:
Managing in a World of High Public Visibility
and Shared Authority
Mark Moore

DELETED BY AGREEMENT OF THE PARTIES

PORTER, Roger B., is Associate Professor of Public Policy. His government experience includes serving as executive secretary of the President's Economic Board from 1974 to 1977 and as special assistant to the President for economic affairs. Prior to joining the Kennedy School faculty in 1977, he was a guest scholar at the Brookings Institute. As a Rhodes scholar from 1969 to 1971, Mr. Porter studied at Oxford University, receiving his B.Phil., and continued at Oxford as assistant dean and tutor in politics at Queen's College, where he taught U.S. political institutions and federal governments. He received his M.A. and Ph.D. from Harvard University. He was selected as White House fellow in 1974, joining the White House staff under the Administration of Gerald Ford. He is currently on leave as deputy assistant to the President for Policy Development. Mr. Porter is the author of Presidential Decision Making: The Economics Policy Board. His research and teaching interests include managing policy development, business and government relations, and executive decision making.

BOWER, Joseph L., Professor of Business Administration at the Business School and Member of the Faculty of the School of Government, is former Chairman of the Program for Senior Managers in Government. At present he is the Chairman of the General Management Area at the Business School, which includes the work of the School in business policy (managing the formulation and implementation of strategy), the business environment, and specifically the business-government interface. Since joining the faculty in 1963 Professor Bower has taught courses, done research and published in all three fields. His present work is focussed on 1) the work of top management in building strategy and organization for global competitive environments and 2) the development of industrial policy for the United States.

Professor Bower's publications include Business Policy - Text and Cases, and Managing the Resource Allocation Process, which won the McKinsey Foundation book award in 1971. His articles deal with strategic planning, antitrust and public policy. He is consultant to many corporations here and abroad and director of Arrow Automotive Industries, Charles River Breeding Labs, and the Lincoln Foundation.

LAURENCE E. LYNN, JR. is Professor of Public Policy, and Faculty Chairman of the Senior Executive Fellows Program. He has served as Assistant Secretary for Program Development and Budget, U.S. Department of the Interior; Assistant Secretary for Planning and Evaluation in the U.S. Department of Health, Education and Welfare; Director of Program Analysis, National Security Council; and Deputy Assistant Secretary of Defense for Systems Analysis. In addition he has been a senior fellow of the Brookings Institution and Associate Professor of Business Economics at Stanford University. Mr. Lynn is a member of the National Academy of Sciences' Committee on Child Development Research and Public Policy. His research interests include income distribution and maintenance, human services policies and organization, and public management, and he has published extensively on these subjects. His most recent work is a book entitled Managing the Public's Business: The Job of the Government Executive. Professor Lynn also serves as Chairman of the School's Public Policy Program. In his spare time, he picks his banjo and paddles his own canoe.

PHILIP HEYMAN, from his first job as clerk to U.S. Supreme Court Justice John Harlan to his days as an associate Watergate special prosecutor to his most recent post as assistant U.S. attorney general in charge of the criminal division, has spent virtually his entire career in government. Heyman, a professor of law at the Law School from 1969 until taking leave for his Justice Department post in 1978, is a former Fulbright scholar with degrees from Yale University, Harvard Law School, and the Sorbonne. He has been assistant to the solicitor general in the Justice Department, acting administrator of the State Department's Bureau of Security and Consular Affairs, deputy assistant secretary of state for the Bureau of International Organizations, and executive assistant to the undersecretary of state. A former associate prosecutor to the Watergate Special Prosecution Force, he is the author of "The Problem of Coordination: Bargaining and Rules," "The Forest and the Trees: Roe vs. Wade and its Critics," "The Severely Defective Newborn: The Dilemma and the Decision Process," and The Murder Trial of Wilbur Jackson: A Homicide in the Family and Assault With a Deadly Weapon: The Autobiography of a Street Criminal.

JONATHAN MOORE became the Director of the Institute of Politics in 1974 after having resigned his post as associate attorney general in the U.S. Department of Justice. Immediately prior to that, he served as special assistant to the Secretary of Defense, counselor to the Department of Health, Education and Welfare, and deputy assistant secretary of state for East Asian and Pacific affairs. Mr. Moore was legislative assistant to Senator Leverett Saltonstall, and he has worked in various state and national election campaigns, including foreign policy responsibilities in the Romney and Rockefeller national campaigns in 1967-68. Earlier, he worked in the Departments of Defense and State and the U.S. Information Agency in the Kennedy, Johnson and Eisenhower administrations, respectively. He serves on the Dartmouth College Alumni Council, on the Editorial Board of WCVB-TV, and is a member of the Council on Foreign Relations.

MARK MOORE is the Daniel and Florence Guggenheim Professor of Criminal Justice Policy and Management. Professor Moore is responsible for coordinating public management teaching and research in the School of Government. In his own research, he is concerned that students become equipped to see the potential for effective action in a given institutional environment. Drug abuse, gun control, and alcohol control policies, analysis of implementation problems, the moral obligations of public officials, and public management are among his current research activities. He has published "The Problems of Heroin," "Policies to Achieve Discrimination on the Effective Price of Heroin," and "Reorganization Plan #2 Reviewed: Problems in the Implementation of a Supply Reduction Strategy." He is author of Buy and Bust: The Effective Regulation of an Illicit Market in Heroin. In his recent past, Mr. Moore has served as special assistant to the administrator and director of the Office of Planning and Evaluation of the Drug Enforcement Administration. At the present time, he is a consultant to the Department of Justice and the National Institute on Drug Abuse.

PETER B. ZIMMERMAN is Assistant Dean and Director of Executive Training and Program Development. His duties include coordinating the development and operation of the School's executive training programs for government managers and directing the new program for Senior Executive Fellows (SEF). Mr. Zimmerman has worked for the Navy Department's Strategic Systems Project Office and on the National Security Council staff. He has consulted for a number of institutions including the National Security Council, the Senate Intelligence Committee, and the MITRE Corporation.

TYPICAL SUBCABINET SEMINAR SCHEDULEThursday

6:30 P.M. Informal Kick-Off Dinner (Seminar participants with Harvard and White House Participating Faculty)

Friday

8:30 a.m. Coffee and Donuts available for participants
9:00 Introduction (White House and Harvard Faculty)
9:30 Case Discussion (Harvard Faculty)
11:00 Break
11:15 Presentation/Discussion (White House Faculty)
12:15 Lunch
2:00 Case Discussion (Harvard Faculty)
3:30 Break
3:45 Presentation/Discussion (White House or Harvard Faculty)
5:00* Day Ends

Saturday

8:30 a.m. Coffee and Donuts available for participants
9:00 Case Discussion (Harvard Faculty)
11:00 Break
11:15 Presentation/Discussion (White House or Harvard Faculty)
12:15 Lunch (Guest)
2:00 Case Discussion (Harvard Faculty)
3:30 Break
3:45 Wrap-Up/Evaluation

PROGRAM BUDGET

Subcabinet Seminar in Professional Public Management

Seminar Program

Faculty Time - Planning and Teaching Six Programs 3 personnel @ 3 days per program @ \$250/day	\$13,500
Administrative Time - Planning, Administering, Evaluating Six Programs 1 person @ 4 days per program @ \$200/day	\$ 4,800
Fringe Benefits @ 18.5%	\$ 3,386
Materials (case reproductions, shipping, etc.)	\$ 400
Travel 4 personnel x 6 round trips @ \$325	\$ 7,800
2 personnel x 2 planning trips @ \$250	<u>\$ 1,000</u>
 SUBTOTAL DIRECT COSTS	 \$30,886
 Indirect Costs @ 54%	 \$16,678
SEMINAR PROGRAM TOTAL.....	\$47,564

Case Development

Research Assistants 6 months FTE @ \$15K	\$ 7,500
Research, Direction, Editorial 1 month FTE @ \$24K	\$ 2,000
Secretarial Assistance 2 months FTE @ \$12K	\$ 2,000
Faculty Supervision and teaching note preparation 8 days @ \$250/day	\$ 2,000
Fringe Benefits @18.5%	\$ 2,000
Travel 2 personnel x 4 round trips @ \$400	\$ 3,200
Long Distance Phones at 1.5% Direct Costs	\$ 288
Supplies, Miscellaneous at 2.5% Direct Costs	<u>\$ 480</u>
 SUBTOTAL DIRECT COSTS	 \$19,965

Program Budget, continued

Indirect Costs @ 54% \$10,791

CASE DEVELOPMENT PROGRAM TOTAL.....\$30,747

GRAND TOTAL.....\$78,311

This form is for use when (i) submission of cost or pricing data (see EPR 1-3.907-5) is required and (ii) substitution for the Optional Form 59 is authorized by the contracting officer.

PAGE NO.

NO. OF PAGES

NAME OF OFFEROR President and Fellows of Harvard College

SUPPLIES AND/OR SERVICES TO BE FURNISHED

HOME OFFICE ADDRESS

DIVISION(S) AND LOCATION(S) WHERE WORK IS TO BE PERFORMED

TOTAL AMOUNT OF PROPOSAL

GOVT SOLICITATION NO.

DETAIL DESCRIPTION OF COST ELEMENTS

1 DIRECT MATERIAL (Itemize on Exhibit A)	EST COST (\$)	TOTAL EST COST	REFERENCE
a. PURCHASED PARTS			
b. SUBCONTRACTED ITEMS			
c. OTHER—(1) RAW MATERIAL			
(2) YOUR STANDARD COMMERCIAL ITEMS			
(3) INTERDIVISIONAL TRANSFERS (At other than cost)			
TOTAL DIRECT MATERIAL			

2 MATERIAL OVERHEAD (Rate % of base)	ESTIMATED HOURS	RATE/HOUR/DAY	EST COST (\$)	REFERENCE
3 DIRECT LABOR (Specify)				
Faculty participation		\$250	\$15,500	
Administration		\$200	\$4,800	
Research Assistants		\$57.69	\$7,500	
Research Direction, Editorial		\$92.31	\$2,000	
Secretarial Support		\$46.15	\$2,000	
Fringe benefits @18.5%			\$5,883	
TOTAL DIRECT LABOR				\$37,683

4 LABOR OVERHEAD (Specify Department or Cost Center)	O.H. RATE	X BASE	EST COST (\$)	REFERENCE
	54%	\$37,863	\$20,349	\$20,349
TOTAL LABOR OVERHEAD				

5 SPECIAL TESTING (Including field work at Government installations)	EST COST (\$)	REFERENCE
TOTAL SPECIAL TESTING		

6 SPECIAL EQUIPMENT (If direct charge) (Itemize on Exhibit A)	EST COST (\$)	REFERENCE
7 TRAVEL (If direct charge) (Give details on attached Schedule)		
a. TRANSPORTATION 36 trips @\$150	\$5,400	
b. PER DIEM OR SUBSISTENCE 104 days @ \$63.46	\$6,600	
TOTAL TRAVEL		X 54% \$18,480

8 CONSULTANTS (Identify—purpose—rate)	EST COST (\$)	REFERENCE
TOTAL CONSULTANTS		

9 OTHER DIRECT COSTS (Itemize on Exhibit A)	\$1,168 X 54%	\$ 1,799
TOTAL DIRECT COST AND OVERHEAD		\$78,311

11 GENERAL AND ADMINISTRATIVE EXPENSE (Rate % of cost element Nos.)		
12 ROYALTIES *		
TOTAL ESTIMATED COST		

14 FEE OR PROFIT		
TOTAL ESTIMATED COST AND FEE OR PROFIT		

Draft Clause - Special Provision

ANTICIPATORY COSTS

Considering the short schedule required for implementation of design and development of two special case studies, and further, to provide for the availability of the final draft of the special case studies into the presentation schema as early as possible, the Government recognizes that the contractor, at its own risk, accumulated costs in anticipation of the award of this contract for the benefit of the Government.

Accordingly, the Government agrees to pay such anticipatory costs identified by the contractor as directly related to the effort herein and accumulated prior to the effective date of this contract, but in no event more than 60 days prior to that effective date. Such costs are not to exceed \$10,000.00.

Payment will be made in accordance with Article V of this contract.

THE WHITE HOUSE

WASHINGTON

May 2, 1983

MEMORANDUM FOR BECKY NORTON DUNLOP
DEDE NEAL

FROM: JOHN G. ROBERTS *JGR*
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Harvard Case Study

As we discussed April 27, Tim Ryan, Solicitor of Labor, will call Stephanie Gould, Director of the Case Program at the Kennedy School, and advise her that:

1. the Administration will not be using the Job Corps case study in its management seminar;
2. this does not and is not intended to affect the Kennedy School's right to use the completed case study outside the Administration as provided in the contract; and
3. we still expect the Kennedy School to comply with provisions in the contract requiring it to check quotations and give good faith consideration to expressed concerns about the accuracy of the case study.

cc: Fred F. Fielding