

## 66 ¶ The President Presents Plan No. I to Carry Out the Provisions of the Reorganization Act.

April 25, 1939

*To the Congress:*

**PURSUANT** to the provisions of the Reorganization Act of 1939 (Public No. 19, 76th Congress, 1st Session), approved April 3, 1939, I herewith transmit Reorganization Plan No. I, which, after investigation, I have prepared in accordance with the provisions of Section 4 of the Act; and I declare that with respect to each transfer, consolidation, or abolition made in Reorganization Plan No. I, I have found that such transfer, consolidation, or abolition is necessary to accomplish one or more of the purposes of Section 1(a) of the Act.

In these days of ruthless attempts to destroy democratic governments, it is baldly asserted that democracies must always be

## 66. *Reorganization Plan No. I*

weak in order to be democratic at all; and that, therefore, it will be easy to crush all free states out of existence.

Confident in our Republic's 150 years of successful resistance to all subversive attempts upon it, whether from without or within, nevertheless we must be constantly alert to the importance of keeping the tools of American democracy up to date. It is our responsibility to make sure that the peoples' Government is in condition to carry out the peoples' will, promptly, effectively, without waste or lost motion.

In 1883 under President Arthur we strengthened the machinery of democracy by the Civil Service law; beginning in 1905 President Roosevelt initiated important inquiries into Federal administration; in 1911 President Taft named the Economy and Efficiency Commission which made very important recommendations; in 1921 under Presidents Wilson and Harding we tightened up our budgetary procedure. Presidents Theodore Roosevelt, Taft, Wilson, Harding, Coolidge and Hoover in succession strongly recommended the rearrangement of Federal administrative activities. In 1937 I proposed, on the basis of an inquiry authorized and appropriated for by the Congress, the strengthening of the administrative management of the executive establishment.

None of all this long series of suggestions, running over more than a quarter of a century, was in any sense personal or partisan in design.

These measures have all had only one supreme purpose—to make democracy work — to strengthen the arms of democracy in peace or war and to ensure the solid blessings of free Government to our people in increasing measure.

We are not free if our administration is weak. But we are free if we know, and others know, that we are strong; that we can be tough as well as tender-hearted; and that what the American people decide to do can and will be done, capably and effectively, with the best national equipment that modern organizing ability can supply in a country where management and organization is so well understood in private affairs.

My whole purpose in submitting this Plan is to improve the administrative management of the Republic, and I feel confident that our Nation is united in this central purpose, regardless of differences upon de tails.

This Plan is concerned with the practical necessity of reducing the number of agencies which report directly to the President and also of giving the President assistance in dealing with the entire Executive Branch by modern means of administrative management.

Forty years ago in 1899 President McKinley could deal with the whole machinery of the Executive Branch through his eight cabinet secretaries and the heads of two commissions; and there was but one commission of the so-called quasi-judicial type in existence. He could keep in touch with all the work through eight. or ten persons.

Now, forty years later, not only do some thirty major agencies (to say nothing of the minor ones) report directly to the President, but there are several quasi-judicial bodies which have enough administrative work to require them also to see him on important executive matters.

It has become physically impossible for one man to see so many persons, to receive reports directly from them, and to attempt to advise them on their own problems which they submit. In addition the President today has the task of trying to keep their programs in step with each other or in line with the national policy laid down by the Congress. And he must seek to prevent' unnecessary duplication of effort.

The administrative assistants provided for the President in the Reorganization Act cannot perform these functions of overall management and direction. Their task will be to help me get information and condense and summarize it- they are not to become in any sense Assistant Presidents nor are they to have any authority over anybody in any department or agency.

The only way in which the President can be relieved of the physically impossible task of directly dealing with 30 or 40 major agencies is by reorganization- by the regrouping of agencies

according to their major purposes under responsible heads who will report to the President, just as is contemplated by the Reorganization Act of 1939.

This Act says that the President shall investigate the organization of all agencies of the Government and determine what changes are necessary to accomplish any one or more of five definite purposes:

- (1) To reduce expenditures
- (2) To increase efficiency
- (3) To consolidate agencies according to major purposes
- (4) To reduce the number of agencies by consolidating those having similar functions and by abolishing such as may not be necessary
- (5) To eliminate overlapping and duplication of effort.

It being obviously impracticable to complete this task at one time, but, having due regard to the declaration of Congress that it should be accomplished immediately and speedily, I have decided to undertake it promptly in several steps.

The first step is to improve over-all management, that is to do those things which will accomplish the purposes set out in the law, and which, at the same time, will reduce the difficulties of the President in dealing with the multifarious agencies of the Executive Branch and assist him in distributing his responsibilities as the chief administrator of the Government by providing him with the necessary organization and machinery for better administrative management.

The second step is to improve the allocation of departmental activities, that is, to do those things which will accomplish the purposes set out in the law and at the same time help that part of the work of the Executive Branch which is carried on through executive departments and agencies. In all this the responsibility to the people is through the President.

The third step is to improve intradepartmental management, that is, to do those things which will enable the heads of departments and agencies the better to carry out their own duties and

## 66. *Reorganization Plan No. I*

distribute their own work among their several assistants and subordinates.

Each of these three steps may require from time to time the submission of one or more plans involving one or more reorganizations, but it is my purpose to fulfill the duty imposed upon me by the Congress as expeditiously as practicable and to the fullest extent possible in view of the exceptions and exemptions set out in the Act.

The plan I now transmit is divided into four parts or sections which I shall describe briefly as follows:

### **PART 1. EXECUTIVE OFFICE OF THE PRESIDENT**

In my message to the Congress of January 12, 1937, in discussing the problem of how to improve the administrative management of the Executive Branch, I transmitted with my approval certain recommendations for strengthening and developing the management arms of the President. Those three management arms deal with (1) budget, and efficiency research, (2) planning, and (3) personnel. My accumulated experience during the two years since that time has deepened my conviction that it is necessary for the President to have direct access to these managerial agencies in order that he may have the machinery to enable him to carry out his constitutional responsibility, and in order that he may be able to control expenditures, to increase efficiency, to eliminate overlapping and duplication of effort, and to be able to get the information which will permit him the better to advise the Congress concerning the state of the Union and the program of the Government.

Therefore, I find it necessary and desirable in carrying out the purposes of the Act to transfer the Bureau of the Budget to the Executive Office of the President from the Treasury Department. It is apparent from the legislative history of the Budget and Accounting Act that it was the purpose in 1921 to set up an executive budget for which the President would be primarily responsible to the Congress and to the people, and that the Director of the Budget was to act under the immediate direction

and supervision of the President. While no serious difficulties have been encountered because of the fact that the Bureau of the Budget was placed in the Treasury Department so far as making budgetary estimates has been concerned, it is apparent that its coordinating activities and its research and investigational activities recently provided for by the Congress, will be facilitated if the Bureau is not a part of one of the ten executive departments. Also, in order that the Bureau of the Budget may the better carry out its work of coordination and investigation, I find it desirable and necessary in order to accomplish the purposes of the Act to transfer to the Bureau of the Budget the functions of the 'Central Statistical Board.

By these transfers to the Executive Office, the President will be given immediate access to that managerial agency which is concerned with the preparation and administration of the budget, with the coordination of the work of the governmental agencies, and with research and investigation necessary to accomplish the five definite purposes of the Reorganization Act of 1939.

I also find it necessary and desirable to transfer to the Executive Office of the President the National Resources Committee, now an independent establishment, and to consolidate with it by transfer from the Department of Commerce the functions of the Federal Employment Stabilization Office, the consolidated unit to be known as the National Resources Planning Board. This Board would be made up as is the present Advisory Board of the National Resources Committee of citizens giving part time services to the Government, who aided by their technical staff would be able to advise the President, the Congress and the people with respect to plans and programs for the conservation of the national resources, physical and human. By these transfers to the Executive Office, the President will be given more direct access to and immediate direction over that agency which is concerned with planning for the utilization and conservation of the national resources, an indispensable part of the equipment of the Chief Executive.

On previous occasions I have recommended and I hereby

## 66. *Reorganization Plan No. 1*

renew and emphasize my recommendations that the work of this Board be placed upon a permanent statutory basis.

Because of an exemption in the Act, it is impossible to transfer to the Executive Office the administration of the third managerial function of the Government, that of personnel. However, I desire to inform the Congress that it is my purpose to name one of the administrative assistants to the President, authorized in the Reorganization Act of 1939, to serve as a liaison agent of the White House on personnel management.

In this manner, the President will be given for the first time direct access to the three principal necessary management agencies of the Government. None of the three belongs in any existing Department. With their assistance, and with this reorganization, it will be possible for the President to continue the task of making investigations of the organization of the Government in order to control expenditures, increase efficiency, and eliminate overlapping.

### **PART 2. FEDERAL SECURITY AGENCY**

Studies here tofore made by me and researches made at my direction, as well as recommendations submitted by me to the Congress, and especially those contained in my message of January 12, 1937, indicate clearly that to carry out the purposes of the Reorganization Act of 1939 to group, coordinate and consolidate agencies of the Government according to major purposes and to reduce the number of agencies by consolidating those having similar functions under a single head, would require the provision of three general agencies in addition to the ten Executive Departments.

It is my objective then, by transfer, consolidation and abolition to set up a Federal Security Agency, a Federal Works Agency and a Federal Loan Agency, and then to distribute among the ten Executive Departments and these three new agencies, the major independent establishments in the Government (excepting those exempt from the operations of the Act) in order to minimize overlapping and duplication, to increase

efficiency and to reduce expenditures to the fullest extent consistent with the efficient operation of the Government.

I find it necessary and desirable to group in a Federal Security Agency those agencies of the Government, the major purposes of which are to promote social and economic security, educational opportunity and the health of the citizens of the Nation.

The agencies to be grouped are: the Social Security Board, now an independent establishment; the United States Employment Service, now in the Department of Labor; the Office of Education, now in the Department of the Interior; the Public Health Service, now in the Treasury Department; the National Youth Administration, now in the Works Progress Administration; and the Civilian Conservation Corps, now an independent agency.

The Social Security Board is placed under the Federal Security Agency, and at the same time the United States Employment Service is transferred from the Department of Labor and consolidated with the unemployment compensation functions of the Social Security Board in order that their similar and related functions of social and economic security may be placed under a single head and their internal operations simplified and integrated.

The unemployment compensation functions of the Social Security Board and the Employment Service of the Department of Labor are concerned with the same problem, that of the employment, or the unemployment, of the individual worker.

Therefore, they deal necessarily with the same individual. These particular services to the particular individual also are bound up with the public assistance activities of the Social Security Board. Not only will these similar functions be more efficiently and economically administered at the Federal level by such grouping and consolidation, but this transfer and merger also will be to the advantage of the administration of State social security programs and result in considerable saving of money in the administrative costs of the Governments of the forty-eight States as well as those of the United States. In addition to this saving of money there will be a considerable saving of time and



## 66. *Reorganization Plan No. I*

energy not only on the part of administrative officials concerned with this program in both Federal and State Governments, but also on the part of employers and workers, permitting through the simplification of procedures a reduction in the number of reports required and the elimination of unnecessary duplication in contacts with workers and with employers.

Because of the relationship of the educational opportunities of the country to the security of its individual citizens, the Office of Education with all of its functions, including, of course, its administration of Federal-State programs of vocational education, is transferred from the Department of the Interior to the Federal Security Agency. This transfer does not increase or extend the activities of the Federal Government in respect to education, but does move the existing activities into a grouping where the work may be carried on more efficiently and expeditiously, and where coordination and the elimination of overlapping may be better accomplished. The Office of Education has no relationship to the other functions of the Department of the Interior.

The Public Health Service is transferred from the Treasury Department to the Federal Security Agency. It is obvious that the health activities of the Federal Government may be better carried out when so grouped than if they are left in the Treasury, which is primarily a fiscal agency, and where the necessary relationships with other social security, employment and educational activities now must be carried on by an elaborate scheme of interdepartmental committee work.

The National Youth Administration is transferred from the Works Progress Administration to the Federal Security Agency since its major purpose is to extend the educational opportunities of the youth of the country and to bring them through the processes of training into the possession of skills which enable them to find employment. Other divisions of the Federal Security Agency will have the task of finding jobs, providing for unemployment compensation and other phases of social security, while still other units of the new agency will be concerned with

the problems of primary and secondary education, as well as vocational education and job training and retraining for employment. While much of the work of the National Youth Administration has been carried on through work projects, these have been merely the process through which its major purpose was accomplished, and, therefore, this agency under the terms of the Act should be grouped with the other security agencies rather than with the work agencies.

For similar reasons the Civilian Conservation Corps, now an independent establishment, is placed under the Federal Security Agency because of the fact that its major purpose is to promote the welfare and further the training of the individuals who make up the Corps, important as may be the construction work which they have carried on so successfully. The Civilian Conservation Corps is a small coordinating agency which supervises work carried on with the cooperation of several regular departments and independent units of the Government. This transfer would not interfere with the plan of work heretofore carried on but it would enable the Civilian Conservation Corps to coordinate its policies, as well as its operations, with those other agencies of the Government concerned with the educational and health activities and with human security.

### **PART 3. FEDERAL WORKS AGENCY**

In order to carry out the purpose of the Reorganization Act of 1939 I find it necessary and desirable to group and consolidate under a Federal Works Agency those agencies of the Federal Government dealing with public works not incidental to the normal work of other departments, and which administer Federal grants or loans to State and local Governments or other agencies for the purposes of construction.

The agencies so to be grouped are: the Bureau of Public Roads, now in the Department of Agriculture; the Public Buildings Branch of the Procurement Division, now in the Treasury Department, and the Branch of Buildings Management of the National Park Service (so far as it is concerned with public

## 66. *Reorganization Plan No. 1*

buildings which it operates for other departments or agencies) now in the Department of the Interior; the United States Housing Authority, now in the Department of the Interior; the Federal Emergency Administration of Public Works (familiarly known as PWA); and the Works Progress Administration (familiarly known as WPA), except the functions of the National Youth Administration.

The transfer of both the Public Works Administration and the Works Progress Administration to the new Federal Works Agency would provide for both principal types of public works that have been carried on by the Federal Government directly or in cooperation with the State and local Governments. I find that it will be possible to reduce administrative costs as well as to improve efficiency and to eliminate overlapping by bringing these different programs of public works under a common head. But, because of the differences that justified their separate operation in the past and differences that will continue in the future to distinguish certain phases of major public works from work relief, I find it necessary to maintain them at least for the present as separate subordinate units of the Federal Works Agency.

The present Federal Emergency Administration of Public Works is placed under the Federal Works Agency under the shorter name of Public Works Administration.

The name of the Works Progress Administration has been changed to Work Projects Administration in order to make its title more descriptive of its major purpose.

The Bureau of Public Roads is transferred from the Department of Agriculture to the Federal Works Agency and as a separate unit under the name of Public Roads Administration. This will bring the administration of the Federal roads program with its grants-in-aid to the States into coordination with other major public works programs and other programs of grants and loans to the States.

The construction and operation of many public buildings is now carried on in two agencies which are consolidated under

the new Federal Works Agency, namely the Public Buildings Branch of the Procurement Division of the Treasury Department (which is concerned with the construction of Federal buildings and with the operation of many public buildings outside the District of Columbia) and the Branch of Buildings Management of the National Park Service, of the Department of the Interior, which is concerned with the operation of public buildings in the District of Columbia. These two separate activities are consolidated in one unit to be known as the Public Buildings Administration. Improved efficiency, coordination of effort, and savings will result from this transfer and consolidation.

Then, also, there is transferred from the Department of the Interior to the Federal Works Agency the United States Housing Authority. The major purpose of the United States Housing Authority is to administer grants-in-aid and loans to local public housing authorities in accordance with its established standards of construction in that part of the housing field which cannot be reached economically by private enterprise. For these reasons, it should be grouped with those other agencies which have to do with public works, with grants and loans to State and local Governments and with construction practices and standards.

**PART 4. FEDERAL LOAN AGENCY AND TRANSFERS OF  
INDEPENDENT LENDING AGENCIES**

In order to carry out the purposes of the Reorganization Act of 1939 I find it necessary and desirable to group under a Federal Loan Agency those independent lending agencies of the Government which have been established from time to time for the purpose of stimulating and stabilizing the financial, commercial and industrial enterprises of the Nation.

The agencies to be so grouped in the Federal Loan Agency are: the Reconstruction Finance Corporation, the Electric Home and Farm Authority, the Federal Home Loan Bank Board, the Federal Housing Administration and their associated agencies and boards, as well as the Export-Import Bank of Washington.

Since 1916 the Congress has established from time to time

## 66. *Reorganization Plan No. I*

agencies for providing loans, directly or indirectly, for the stimulation and stabilization of agriculture, and such agencies should in my opinion be grouped with the other agricultural activities of the Government. For that reason I find it necessary and desirable to accomplish the purposes of the Act to transfer the Farm Credit Administration, the Federal Farm Mortgage Corporation and the Commodity Credit Corporation and associated agencies, to the Department of Agriculture.

### **ECONOMY AND EFFICIENCY**

One of the five purposes of the Reorganization Act of 1939 is "to reduce expenditures to the fullest extent consistent with the efficient operation of the Government." This purpose is important in each phase of the Plan here presented. The Reorganization Act prohibits abolishing functions- in other words basic services or activities performed. Therefore the reduction in expenditures to be effected must necessarily be brought about chiefly in the overhead administrative expenses of the agencies set up to perform certain functions. The chance for economy arises therefore not from stopping work, but from organizing the work and the overhead more efficiently in combination with other similar activities. Only the Congress can abolish or curtail functions now provided by law.

The overhead administrative costs of all the agencies affected in Reorganization Plan No. I is about \$235,000,000. This does not include the loans they make, the benefits they pay, the wages of the unemployed who have been given jobs; it does not include the loans and grants to States or, in short, the functional expense. It does include the overhead expense of operating and administering all these agencies.

The reduction of administrative expenditures which it is probable will be brought about by the taking effect of the reorganization specified in the Plan is estimated as nearly as may be at between \$ 15,000,000 and \$20,000,000 annually, a substantial lowering of the existing overhead. Certain of these economies can be brought about almost immediately, others will require a

painstaking and gradual readjustment in the machinery and business practices of the Government.

Any such estimate is incomplete, however, without reference to the corresponding savings which will follow in the States and cities through the recommended consolidation of the Federal services with which they cooperate, and the improved efficiency and convenience which will be felt by citizens all over the Nation, many of whom will be able to find in a single office many of the services now scattered in several places. These economies will undoubtedly exceed the direct savings in the Federal Budget.

It will not be necessary to ask the Congress for any additional appropriations for the administrative expenses of the three consolidated Agencies set up in this Plan, since their costs will be met from funds now available for the administrative expenses of their component units. Actually new expenses will be only a fractional part of the expected savings.

Neither on this Reorganization Plan No. I nor on future Reorganization Plans, covering interdepartmental changes and intradepartmental changes, will every person agree on each and every detail. It is true that out of the many groupings and re-groupings proposed in this message a few of the individual agencies could conceivably be placed elsewhere.

Nevertheless, I have been seeking to consider the functional origin and purpose of each agency as required by the Reorganization Bill itself.

If in the future experience shows that one or two of them should be re-grouped, it will be wholly possible for the President and the Congress to make the change.

The Plan presented herewith represents two years of study. It is a simple and easily understood Plan. It conforms to methods of executive administration used by large private enterprises which are engaged in many lines of production. Finally, it will save a sum of money large in comparison with the existing overhead of the agencies involved.

I trust, therefore, that the Congress will view the Plan as a

## 66. Reorganization Plan No. I

whole and make it possible to take the first step in improving the executive administration of the Government of the United States.

### REORGANIZATION PLAN NO. I

Prepared by the President and transmitted to the Senate and the House of Representatives in Congress assembled, April 25, 1939, pursuant to the provisions of the Reorganization Act of 1939, approved April 3, 1939.

#### PART 1. EXECUTIVE OFFICE OF THE PRESIDENT

Section 1. *Bureau of the Budget.* -The Bureau of the Budget and all of its functions and personnel (including the Director and Assistant Director) are hereby transferred from the Treasury Department to the Executive Office of the President; and the functions of the Bureau of the Budget shall be administered by the Director thereof under the direction and supervision of the President.

Section 2. *Central Statistical Board.* -The Central Statistical Board and all of its functions and personnel (including the Chairman and the members of the Board) are hereby transferred to the Bureau of the Budget in the Executive Office of the President. The Chairman of the Board shall perform such administrative duties as the Director of the Bureau of the Budget shall direct.

Section 3. *Central Statistical Committee Abolished and Functions Transferred.* -The Central Statistical Committee is hereby abolished, and its functions are transferred to the Director of the Bureau of the Budget to be administered by him under the direction and supervision of the President. The Director of the Bureau of the Budget shall promptly wind up any outstanding affairs of the Central Statistical Committee.

Section 4. *National Resources Planning Board.* - (a) The functions of the National Resources Committee, established by Executive Order No. 7065 of June 7, 1935, and its personnel (except the members of the Committee) and all of the functions of the Federal Employment Stabilization Office in the Department of

Commerce and its personnel are hereby transferred to the Executive Office of the President. The functions transferred by this section are hereby consolidated, and they shall be administered under the direction and supervision of the President by the National Resources Planning Board (hereafter referred to as the Board), which shall be composed of five members to be appointed by the President. The President shall designate one of the members of the Board as Chairman and another as Vice Chairman. The Vice Chairman shall act as Chairman in the absence of the Chairman or in the event of a vacancy in that office. The members of the Board shall be compensated at the rate of \$50 per day for time spent in attending and traveling to and from meetings, or in otherwise exercising the functions and duties of the Board, plus the actual cost of transportation: *Provided*, That in no case shall a member be entitled to receive compensation for more than thirty days' service in two consecutive months.

(b) The Board shall determine the rules of its own proceedings, and a majority of its members in office shall constitute a quorum for the transaction of business, but the Board may function notwithstanding vacancies.

(c) The Board may appoint necessary officers and employees and may delegate to such officers authority to perform such duties and make such expenditures as may be necessary.

Section 5. *National Resources Committee Abolished.* — The National Resources Committee is hereby abolished, and its outstanding affairs shall be wound up by the National Resources Planning Board.

Section 6. *Federal Employment Stabilization Office Abolished.* -The Federal Employment Stabilization Office is hereby abolished, and the Secretary of Commerce shall promptly wind up its affairs.

Section 7. *Transfer of Records and Property.* -All records and property (including office equipment) of the several agencies transferred, or the functions of which are transferred, by this Part are hereby transferred to the Executive Office of the



President for use in the administration of the agencies and functions transferred by this Part.

Section 8. *Transfer of Funds.* — So much of the unexpended balances of appropriations, allocations, or other funds available (including those available for the fiscal year ending June 30, 1940) for the use of any agency in the exercise of any functions transferred by this Part, or for the use of the head of any department or agency in the exercise of any functions so transferred, as the Director of the Bureau of the Budget shall determine, shall be transferred to the Executive Office of the President for use in connection with the exercise of functions transferred by this Part. In determining the amount to be transferred the Director of the Bureau of the Budget may include an amount to provide for the liquidation of obligations incurred against such appropriations, allocations, or other funds prior to the transfer: *Provided*, That the use of the unexpended balances of appropriations, allocations, or other funds transferred by this section shall be subject to the provisions of section q(d) (3) and section g of the Reorganization Act of 1939.

Section g. *Personnel.* — Any personnel transferred by this Part found to be in excess of the personnel necessary for the efficient administration of the functions transferred by this Part shall be re-transferred under existing law to other positions in the Government service, or separated from the service subject to the provisions of section 10(a) of the Reorganization Act of 1939.

## PART 2. FEDERAL SECURITY AGENCY

Section 201. *Federal Security Agency.* — (a) The United States Employment Service in the Department of Labor and its functions and personnel are transferred from the Department of Labor; the Office of Education in the Department of the Interior and its functions and personnel (including the Commissioner of Education) are transferred from the Department of the Interior; the Public Health Service in the Department of the Treasury and its functions and personnel (including the Surgeon General of the Public Health Service) are transferred from

## 66. *Reorganization Plan No. I*

the Department of the Treasury; the National Youth Administration within the Works Progress Administration and its functions and personnel (including its Administrator) are transferred from the Works Progress Administration; and these agencies and their functions, together with the Social Security Board and its functions, and the Civilian Conservation Corps and its functions, are hereby consolidated under one agency to be known as the Federal Security Agency, with a Federal Security Administrator at the head thereof. The Federal Security Administrator shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive a salary at the rate of \$12,000 per annum. He shall have general direction and supervision over the administration of the several agencies consolidated into the Federal Security Agency by this section and shall be responsible for the coordination of their functions and activities.

(b) The Federal Security Administrator shall appoint an Assistant Federal Security Administrator, who shall receive a salary at the rate of \$9,000 per annum, and he may also appoint such other personnel and make such expenditures as may be necessary.

(c) The Assistant Administrator shall act as Administrator during the absence or disability of the Administrator or in the event of a vacancy in that office and shall perform such other duties as the Administrator shall direct.

(d) The several agencies and functions consolidated by this section into the Federal Security Agency shall carry with them their personnel.

Section 202. *Social Security Board.* -The Social Security Board and its functions shall be administered as a part of the Federal Security Agency under the direction and supervision of the Federal Security Administrator. The Chairman of the Social Security Board shall perform such administrative duties as the Federal Security Administrator shall direct.

Section 203. *United States Employment Service.* - (a) The functions of the United States Employment Service shall be consolidated with the unemployment compensation functions of the

66. *Reorganization Plan No. I*

Social Security Board and shall be administered in the Social Security Board in connection with such unemployment compensation functions under the direction and supervision of the Federal Security Administrator.

(b) The office of the Director of the United States Employment Service is hereby abolished, and all of the functions of such office are transferred to, and shall be exercised by, the Social Security Board.

(c) All functions of the Secretary of Labor relating to the administration of the United States Employment Service are hereby transferred to, and shall be exercised by, the Federal Security Administrator.

Section 204. *Office of Education.*-(a) The Office of Education and its functions shall be administered by the Commissioner of Education under the direction and supervision of the Federal Security Administrator.

(b) All functions of the Secretary of the Interior relating to the administration of the Office of Education are hereby transferred to, and shall be exercised by, the Federal Security Administrator.

Section 205. *Public Health Service.*-(a) The Public Health Service and its functions shall be administered by the Surgeon General of the Public Health Service under the direction and supervision of the Federal Security Administrator.

(b) All the functions of the Secretary of the Treasury relating to the administration of the Public Health, Service, except those functions relating to the acceptance and investment of gifts as authorized by sections 23(b) and 137(e), title 42, U.S. Code, are hereby transferred to, and shall be exercised by, the Federal Security Administrator.

Section 206. *National Youth Administration.* -The National Youth Administration and its functions shall be administered by the National Youth Administrator under the direction and supervision of the Federal Security Administrator.

Section 207. *Civilian Conservation Corps.* -The Civilian Conservation Corps and its functions shall be administered by

66. *Reorganization Plan No. I*

the Director of the Civilian Conservation Corps under the direction and supervision of the Federal Security Administrator.

Section 208. *Transfer of Records and Property.* -All records and property (including office equipment) of the several agencies which, with their functions, are consolidated by section 201 into the Federal Security Agency are hereby transferred to the jurisdiction and control of the Federal Security Agency for use in the administration of the agencies and functions consolidated by that section.

Section 209. *Transfer of Funds.* -So much of the unexpended balances of appropriations, allocations, or other funds (including those available for the fiscal year ending June 30, 1940) available for the use of any agency in the exercise of any functions transferred by this Part, or for the use of the head of any department or agency in the exercise of any functions as transferred, as the Director of the Bureau of the Budget shall determine, shall be transferred for use in connection with the exercise of the functions transferred by this Part. In determining the amount to be transferred the Director of the Bureau of the Budget may include an amount to provide for the liquidation of obligations incurred against such Bppropriations, allocations, or other funds prior to the transfer: *Provided*, That the use of the unexpended balances of appropriations, allocations, or other funds transferred by this section shall be subject to the provisions of section 4(d) (3) andsection g of the Reorganization Act of 1939.

Section 2 10. *Administrative Funds.* -The Director of the Bureau of the Budget shall allocate to the Federal Security Agency, from appropriations, allocations, or other funds available (including those available for the fiscal year ending June 30, 1940) for the administrative expenses of the agencies and functions consolidated by this Part, such sums, and in such proportions, as he may find necessary for the administrative expenses of the Federal Security Agency.

Section 2 1 1. *Personnel.* -Any personnel transferred by this Part found to be in excess of the personnel necessary for the ef-

efficient administration of the functions transferred by this **Part** shall be re-transferred under existing law to other positions in the Government service, or separated from the service subject to the provisions of section 10(a) of the Reorganization Act of 1939.

**PART 3. FEDERAL WORKS AGENCY**

Section 301. *Federal Works Agency.*- (a) The Bureau of Public Roads in the Department of Agriculture and its functions and personnel (including the Chief thereof) are transferred from the Department of Agriculture; the Public Buildings Branch of the Procurement Division in the Treasury Department and its functions and personnel are transferred from the Treasury Department; the Branch of Buildings Management of the National Park Service in the Department of the Interior and its functions and personnel (except those relating to monuments and memorials), and the functions of the National Park Service in the District of Columbia in connection with the general assignment of space, the selection of sites for public buildings, and the determination of the priority in which the construction or enlargement of public buildings shall be undertaken, and the personnel engaged exclusively in the administration of such functions, and the United States Housing Authority in the Department of the Interior and its functions and personnel (including the Administrator) are transferred from the Department of the Interior; and all of these agencies and functions, together with the Federal Emergency Administration of Public Works and its functions, and all of the Works Progress Administration and its functions (except the National Youth Administration and its functions) are hereby consolidated into one agency to be known as the Federal Works Agency, with a Federal Works Administrator at the head thereof. The Federal Works Administrator shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive a salary at the rate of \$12,000 per annum. He shall have general direction and supervision over the administration of the several agencies consolidated into the Federal Works Agency by this

section and shall be responsible for the coordination of their functions.

(b) The Federal Works Administrator shall appoint an Assistant Federal Works Administrator, who shall receive a salary at the rate of \$9,000 per annum, and he may also appoint such other personnel and make such expenditures as may be necessary.

(c) The Assistant Administrator shall act as Administrator during the absence or disability of the Administrator, or in the event of a vacancy in that office, and shall perform such other duties as the Administrator shall direct.

(d) The several agencies and functions consolidated by this section in the Federal Works Agency shall carry with them their personnel.

Section 302. *Public Roads Administration.* — (a) The Bureau of Public Roads and its functions shall be administered as the Public Roads Administration at the head of which shall be the Chief of the Bureau of Public Roads whose title shall be changed to Commissioner of Public Roads. Hereafter the Commissioner of Public Roads shall be appointed by the Federal Works Administrator.

(b) All functions of the Secretary of Agriculture relating to the administration of the Bureau of Public Roads are hereby transferred to, and shall be exercised by, the Federal Works Administrator.

Section 303. *Public Buildings Administration.* — (a) The Public Buildings Branch of the Procurement Division and its functions, the Branch of Buildings Management of the National Park Service and its functions (except those relating to monuments and memorials) and the functions of the National Park Service in the District of Columbia in connection with the general assignment of space, the selection of sites for public buildings, and the determination of the priority in which the construction or enlargement of public buildings shall be undertaken, are hereby consolidated and shall be administered as the Public Buildings Administration, with a Commissioner of Public Buildings at the

## 66. *Reorganization Plan No. 1*

head thereof. The Commissioner of Public Buildings shall be appointed by the Federal Works Administrator and shall receive a salary at the rate of \$9,000 per annum. The Commissioner of Public Buildings shall act under the direction and supervision of the Federal Works Administrator.

(b) All functions of the Secretary of the Treasury and the Director of Procurement relating to the administration of the Public Buildings Branch of the Procurement Division and to the selection of location and sites for public buildings, and all functions of the Secretary of the Interior and the Director of the National Park Service relating to the administration of the functions of the Branch of Buildings Management and the functions of the National Park Service in the District of Columbia in connection with the general assignment of space, the selection of sites for public buildings, and the determination of the priority in which the construction or enlargement of public buildings shall be undertaken, are hereby transferred to, and shall be exercised by, the Federal Works Administrator.

Section 304. *United States Housing Authority.* — (a) The United States Housing Authority and its functions shall be administered by the United States Housing Administrator under the direction and supervision of the Federal Works Administrator.

(b) All functions of the Secretary of the Interior relating to the administration of the United States Housing Authority are hereby transferred to, and shall be exercised by, the Federal Works Administrator.

Section 305. *Public Works Administration.* — The Federal Emergency Administration of Public Works and its functions shall be administered as the Public Works Administration with a Commissioner of Public Works at the head thereof. The Commissioner of Public Works shall be appointed by the Federal Works Administrator and shall receive a salary at the rate of \$10,000 per annum. The Commissioner of Public Works shall act under the direction and supervision of the Federal Works Administrator.

## 66. Reorganization Plan No. I

Section 306. *Work Projects Administration.* -The Works Progress Administration and its functions (except the National Youth Administration and its functions) shall be administered as the Work Projects Administration, with a Commissioner of Work Projects at the head thereof. The Commissioner shall be appointed by the Federal Works Administrator and shall receive a salary at the rate of \$ 10,000 per annum. The Commissioner shall act under the direction and supervision of the Federal Works Administrator.

Section 307. *Transfer of Records and Property.* -All records and property (including office equipment) of the several agencies which, with their functions, are consolidated by section 301 into the Federal Works Agency are hereby transferred to the jurisdiction and control of the Federal Works Agency for use in the administration of the agencies and functions consolidated by that section.

Section 308. *Transfer of Funds.*-(a) So much of the unexpended balances of appropriations, allocations, or other funds available (including those available for the fiscal year ending June 30, 1940) for the use of any agency (except the United States Housing Authority) in the exercise of any functions transferred by this Part, or for the use of the head of any department, or agency in the exercise of any functions so transferred, and so much of such balances available to the United States Housing Authority for administrative expenses, as the Director of the Bureau of the Budget shall determine, shall be transferred for use in connection with the exercise of the functions transferred by this Part. In determining the amount to be transferred the Director of the Bureau of the Budget may include an amount to provide for the liquidation of obligations incurred against such appropriations, allocations, or other funds prior to the transfer: *Provided*, That the use of the unexpended balances of appropriations, allocations, or other funds transferred by this section shall be subject to the provisions of section 4(d) (3) and section g of the Reorganization Act of 1939.

(b) All unexpended balances of appropriations, allocations,



or other funds available (including those available for the fiscal year ending June 30, 1940) for the use of the United States Housing Authority, other than those transferred by subsection (a) of this section, are hereby transferred with the United States Housing Authority and shall remain available to it for the exercise of its functions.

Section 309. *Administrative Funds.* -The Director of the Bureau of the Budget shall allocate to the Federal Works Agency, from appropriations, allocations, or other funds available (including those available for the fiscal year ending June 30, 1940) for the administrative expenses of the agencies and functions consolidated by section 301, such sums, and in such proportions, as he may find necessary for the administrative expenses of the Federal Works Agency.

Section 310. *Personnel.* - Any of the personnel transferred by this Part found to be in excess of the personnel necessary for the efficient administration of the functions transferred by this Part shall be re-transferred under existing law to other positions in the Government service, or separated from the service subject to the provisions of section 10(a) of the Reorganization Act of 1939.

#### **PART 4. LENDING AGENCIES**

Section 401. (a) *Transfers to the Department of Agriculture.* -The Farm Credit Administration, the Federal Farm Mortgage Corporation, and the Commodity Credit Corporation, and their functions and activities, together with their respective personnel, records, and property (including office equipment), are hereby transferred to the Department of Agriculture and shall be administered in such Department under the general direction and supervision of the Secretary of Agriculture, who shall be responsible for the coordination of their functions and activities.

(b) *Transfer of Administrative Funds.* -So much of the unexpended balances of appropriations, allocations, or other funds available (including those available for the fiscal year ending

June 30, 1940) for the administrative expenses of any agency transferred by this section, as the Director of the Bureau of the Budget shall determine, shall be transferred to the Secretary of Agriculture for such use; and the Director of the Bureau of the Budget shall allocate to the Secretary of Agriculture from such funds, such sums, and in such proportions, as he may find necessary for the administrative expenses of the Secretary of Agriculture in connection with the agencies and functions transferred by this section. In determining the amount to be transferred, the Director of the Bureau of the Budget may include an amount to provide for the liquidation of obligations incurred against such appropriations, allocations, or other funds prior to the transfer. The use of the unexpended balances of appropriations, allocations, or other funds transferred by this subsection shall be subject to the provision of section 4 (d) (3) and section g of the Reorganization Act of 1939.

(c) *Transfer of other funds.* -All unexpended balances of appropriations, allocations, or other funds, other than those mentioned in subsection (b) of this section, available (including those available for the fiscal year ending June 30, 1940) for any agency transferred by subsection (a) of this section shall be transferred with such agency and shall remain available to it for the exercise of its functions.

(d) *Personnel.* -Any of the personnel transferred by this section to the Department of Agriculture which the Secretary of Agriculture shall find to be in excess of the personnel necessary for the administration of the functions transferred by this section shall be re-transferred under existing law to other positions in the Government, or separated from the service subject to the provisions of section 10 (a) of the Reorganization Act of 1939.

Section 402. (a) *Federal Loan Agency.* -There shall be at the seat of the Government a Federal Loan Agency, with a Federal Loan Administrator at the head thereof. The Federal Loan Administrator shall be appointed by the President by and with the advice and consent of the Senate, and shall receive a salary at the rate of \$12,000 per annum.

(b) *Assistant Federal Loan Administrator.* -The Federal Loan Administrator shall appoint an Assistant Federal Loan Administrator, who shall receive a salary at the rate of \$9,000 per annum. The Assistant Administrator shall act as Administrator during the absence or disability of the Administrator, or in the event of a vacancy in that office, and shall perform such other duties as the Administrator shall direct.

(c) *Powers and Duties of Administrator.* -The Administrator shall supervise the administration, and shall be responsible for the coordination of the functions and activities, of the following agencies: Reconstruction Finance Corporation, Electric Home and Farm Authority, RFC Mortgage Company, Disaster Loan Corporation, Federal National Mortgage Association, Federal Home Loan Bank Board, Home Owners' Loan Corporation, Federal Savings and Loan Insurance Corporation, Federal Housing Administration, and Export-Import Bank of Washington. The Administrator may appoint such officers and employees and make such expenditures as may be necessary.

(d) *Administrative Funds.* -The Director of the Bureau of the Budget shall allocate to the Federal Loan Agency, from appropriations, allocations, or other funds available (including those available for the fiscal year ending June 30, 1940) for the administrative expenses of the agencies named in this section, such sums, and in such proportion, as he may find necessary for the administrative expenses of the Federal Loan Agency.

NOTE: The Reorganization Act of 1939 empowered the President to investigate the organization of the executive agencies of the government, and make recommendations for the transfer, consolidation or abolition of functions (see Items 41, 44 and notes, 1938 volume).

I submitted the foregoing plan to the Congress for its consideration. A concurrent resolution disapproving the plan failed of pas-

sage. Plan I became effective on July 1, 1939, in accordance with the terms of the Act and of Public Resolution 2, Seventy-sixth Congress.

As stated in the message accompanying the plan, it was designed to improve over-all management by reducing the number of agency heads with whom the President has to deal, and by equipping the executive office with more effective

## 66. *Reorganization Plan No. 1*

assistance. Further steps to effectuate the purposes of this plan were taken on September 8, 1939, by the issuance of Executive Order No. 8248 reorganizing the functions and duties of the Executive Office of the President (see Item 125 and note, this volume).

The administrative structure of the government has been greatly simplified as a result of the operation of Plan I. Under the system which existed prior to reorganization, I found it extremely burdensome to give adequate attention to the vast number of administrative agencies which reported directly to me. Since the adoption of the foregoing plan, many of these independent agencies have their interests much better represented and their problems more satisfactorily reported to me through department heads. In this way, their functions are also coordinated more closely with related activities.

The staff facilities provided for the Executive Office have been of invaluable assistance in enabling me to direct our governmental machine in a more effective and efficient fashion.

The promotion of social and economic security has become firmly established as one of the necessary functions of government, and it was deemed advisable to group all agencies dealing with these functions under a Federal Security Agency which would also be charged with the administration of the governmental activities pertain-

ing to the promotion of health and education.

In addition to contributing to the integrated planning of these activities, the establishment of the Federal Security Agency has aided in the furtherance of the defense program. The Federal Security Administrator holds the post of coordinator of all health, medical, welfare, nutrition, recreation, education and related activities affecting the national defense.

Many economies have resulted from the establishment of this new agency. A central budget office, which reviews and analyzes the estimates of the various bureaus, has made for more economical administration. For the fiscal year 1941, for example, the central budget office cut the administrative expense estimates by \$2,717,556 before they were submitted to the Bureau of the Budget, while a reduction of \$929,425 was effected for the fiscal year 1942. Likewise, economies have been realized through the centralization of mimeographing, photostating, and similar facilities.

A number of administrative economies have been achieved also through the establishment of the Federal Works Agency, as well as the more obvious contributions to greater efficiency and coordination. There are a number of instances which demonstrate the way in which this new Agency has speeded up the construction program of the organizations under its jurisdiction.

## 66. Reorganization Plan No. 1

For example, in one organization now under the Federal Works Agency, an average reduction of three months was obtained in the construction of two hundred projects. In August, 1939, extensions in contract time had been requested for these two hundred projects. But the action of the Federal Works Agency meant a saving in administrative costs of at least \$360,000, inasmuch as the cost of residence inspection and related administrative costs runs not less than \$600 a month per project for this type of undertaking.

The contacts made from the Office of the Administrator of the Federal Works Agency and the opportunities for regularly scheduling and expediting the construction work have reduced costs in many fields.

The United States Housing Authority has also benefited from the supervision of the Federal Works Agency, with the obligations for administrative expenses being brought down and a backlog of accumulated work being eliminated.

Pooling the office facilities has benefited the Federal Loan Agency organizations also, and many economies have been achieved at this point. The possibility of over-all supervision and coordination of the fiscal policies of the constituent lending organizations is now being studied by the Federal Loan Agency.

The Farm Credit Administration

and the Federal Farm Mortgage Corporation are now within the Department of Agriculture, and this has coordinated the working relationships among the numerous agencies engaged in agricultural credit and land use. There is a close connection between the use of the land and the financing of those who work it, and many beneficial results have accrued from the merger of agencies dealing with these two activities. Thus it is now possible for the Department of Agriculture to work out conservation plans for those farms owned by federal land banks. Moreover, the Farm Security Administration can now help farmers in debt to a federal land bank develop new plans of management which may assist them in meeting payments.

In the Great Plains area, many tracts of land are too small to support a farm family. Since reorganization, the federal land banks are now cooperating more closely with the Department of Agriculture in order to insure the sale of large units. Thus a permanent readjustment of agriculture is being worked out in this region. .

The flood control program of the Department of Agriculture has also been furthered by the transfer, inasmuch as the land banks are now planning to stipulate in their loan agreements that land-use, flood control, and water conservation operations be maintained and extended.

### *67. Address at Red Cross Conuention*

As a result of Reorganization Plans I and II, reserves were established which indicated the monetary savings realized. The actual savings effected by the setting up of these reserves totaled \$10,885,135 as of June 30, 1940, for the agencies reorganized under Plans I and II.

For a further discussion of the historical background of adminis-

trative reorganization, the proposals of the President's Committee on Administrative Management, and the fight to have these proposals adopted, see Items 241 and 241A, '936 volume; Items 41, 44 and notes, 1938 volume.

For a chart of the transfer of agencies under Plan I and Plan II see note to Item 77, this volume.