

Subject: REORGANIZATION PROCEDURES

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8-60-00 PURPOSE

This chapter provides policy guidance **and** requirements applicable to reorganizations at **any** organizational level in the Department. It also outlines **procedures** -for submitting reorganization proposals that require the approval of the Secretary.

8-60-10 REORGANIZATION POLICIES

- A. **Legality.** No reorganization will be legally ineffect until **approved** in writing **by** the appropriate **HHS** official.
- B. **Statement of Organization and Functions.** Each approved organizational entity from the highest to the lowest organizational level shall have **a** current statement of organization and functions. As a minimum, the statement shall identify the entity's mission, organizational structure, functions, and reporting relationship to entities immediately above and below it in the organizational hierarchy. (See specific instructions regarding maintaining an organizational manual at **8-60-50C.2.**)
- C. **Employee Aureements.** Each request for reorganization should contain **a** statement **that the** requesting official has taken the appropriate action, if required by all applicable agreements, with employee bargaining units. The statement shall identify the action and the bargaining unit.
- D. **Administrative Code.** Each approved organizational entity shall be assigned an administrative code **as** prescribed by Chapter 8-69, General Administration Manual, **(GAM)**.

- E. Official Record. The official record of each reorganization shall be maintained by an office designated by the approving official.
- F. Informing the Public. Whenever a **reorganization** is significant or affects the public, the approving official shall have a Notice of the reorganization published in the Federal Register.
- G. Effective Date. Reorganizations shall become effective on the date they **are** approved unless otherwise noted in the approval document.

8-60-20 DEFINITION OF REORGANIZATION

For the purposes of this chapter, a reorganization is any change in organization which will result in one or **more** of the following actions:

- o Establishment, abolition, transfer, realignment, or consolidation of one or more organizational entity.
- o Addition, **abolition**, or transfer of a function or functions.
- o Change in the reporting relationship of an organizational entity.
- o Change in the official name of an organizational entity.

8-60-30 OFFICIALS WITH AUTHORITY TO APPROVE REORGANIZATIONS

- A. Approval by the Secretary. The Secretary approves any functional **transfers** or reorganizations which cross OPDIV lines and except **as** noted in B and C below, the Secretary approves the reorganizations for any unit that reports directly to one of the following officials: (See **8-60-50B** for procedures for **obtaining** approval of reorganizations requiring the Secretary's approvals).
1. The Secretary, Under Secretary, or an Assistant Secretary or equivalent (e.g., General Counsel, etc.)
 2. Administrator of Health Care Financing or an Associate Administrator
 3. Assistant Secretary for Health **or a** PHS Agency Head
 4. Assistant Secretary for Human Development Services or an OHDS Administration Head

5. Commissioner of Social Security or a Deputy Commissioner
6. Administrator, Family Support Administration or an Associate Administrator

B. Approval by Operating Division (OPDIV) Heads. (Excluding the Office of the Secretary -- See paragraph 8-60-30-c below.)

In general, each OPDIV Head has authority to approve reorganization of any unit which:

1. Does not report directly to any official cited in paragraph A above, or
2. Reports directly to the OPDIV Head provided that the unit has a staff complement of 15 or less FTEs and does not perform any program management function.

These general requirements are granted to each OPDIV Head by the Secretary through a delegation of authority memorandum. For information regarding the specific delegation of authority to an OPDIV Head, contact the Department Delegation of Authority Officer who is located in the Office of Management Programs, Office of Administrative and Management Services (OAMS). For further information regarding the delegation of authority function see GAM Chapters 100 and 101.

C. Approval by the Assistant Secretary for Management and Budget (ASMB). The ASMB has the authority to approve for the Office of the Secretary, except the Office of the Inspector General, the reorganization of any unit therein which:

1. Does not report directly to an official cited in paragraph A above, or
2. Reports directly to an Assistant Secretary or equivalent provided that the unit has a staff complement of 10 or less FTEs and performs only internal administrative or personal advisory functions directly for the Assistant Secretary or equivalent.

Note: The Office of the Inspector General will seek the advice and assistance of the **ASMB** in implementing reorganizations to conform with Departmental procedures.

8-60-40 CRITERIA FOR ORGANIZATIONS

Managers should observe the principles of sound organization in evaluating their current organizations to ascertain whether or not there is a need for organizational change and, if needed, for planning and implementing such change. These principles include:

- 0 Clear statement of mission and functions
- 0 Clear lines of authority and responsibility
- 0 Delegation of decision-making authority to the most effective level
- 0 Appropriate span of control
- 0 Separation of line and staff functions
- 0 Optimum use of resources
- 0 Appropriate reporting of activities and results

Exhibit 8-60-A contains additional criteria to consider in undertaking an organizational change.

8-60-50 PROCEDURES FOR OBTAINING APPROVAL OF REORGANIZATIONS

A. As stated in subsection **8-60-10A**, no reorganization can be legally implemented until the appropriate **HHS** official approves the reorganization in writing.

B. Approval by the Secretary

1. **Submission.** Reorganizations requiring the Secretary's approval **are** identified in subsection **8-60-30A**. Requests for this approval are to be submitted to the Secretary through the **ASMB**. Prior to making its submission, the requesting OPDIV or Staff Division (STAFF'DIV) is encouraged to discuss the proposed reorganization with **OAMS** in the Office of the Assistant Secretary for Management and Budget, OS. **OAMS** serves as the coordinating office for processing reorganization proposals submitted for the Secretary's approval.

2. Documentation... Each request for the Secretary's approval **shall** contain the following documents:
 - a. An Action Memorandum to the Secretary signed by the OPDIV or STAFFDIV Head. The Action Memorandum shall clearly identify: 1) the rationale for the reorganization and the benefits to be received; 2) an explanation of staffing implications regarding new Senior Executive Services or supervisory positions, changes in staffing requirements, and negotiations with bargaining units; and 3) a statement regarding the effect of the reorganization on the organizational units, programs or the public.
 - b. **A** Statement of Organization, Functions, and Delegations of Authority (in Federal Register format - see Exhibit 8-60-B). Include the official file copy of the statement.
 - c. Organizational charts of the current organization, and the proposed organization. Prepare these charts as described in this Chapter and in GAM Chapter 8-65.
3. Copies The requesting OPDIV or STAFFDIV shall submit eight copies of the reorganization proposal.
4. Coordination and Review. **OAMS** shall coordinate the review and evaluation of each reorganization proposal. It shall coordinate the proposal with the Office of the General Counsel, other appropriate OS staff offices and, if appropriate, other **OPDIVs**. Each reviewing office shall have 10 working days to complete its review and provide comments or concurrence to OAMS. **OAMS** shall negotiate differences between the reviewing offices and the requesting OPDIV or STAFFDIV, and shall attempt to resolve questions regarding the reorganization prior to sending the proposal to the ASMB.
5. Approval. The ASMB reviews and evaluates each reorganization proposal requiring the Secretary's approval and, together with a recommendation for approval or disapproval, forwards the proposal to the Secretary. The ASMB also informs the requesting OPDIV or STAFFDIV regarding the Secretary's decision.

6. Publication and Records

- a. All reorganizations approved by the Secretary must be published in the Federal Register.
- b. Whenever the Secretary approves a reorganization, OAMS shall have the Statement of Organization, Functions, and Delegation of Authority published in the Federal Register and this shall be the only type of reorganization maintained in the HHS Organization Manual.

C. Approval by OPDIV Heads:

Reorganizations requiring the approval of OPDIV Heads are identified in subsection 8-60-30B.

1. Federal Register Publication - All reorganizations approved by an OPDIV Head which are significant or affect the public must be published in the Federal Register.
2. OPDIV Organization Manual
 - a. Each OPDIV must maintain an OPDIV Organization Manual which, at a minimum, contains all reorganizations approved by the OPDIV Head. A copy of this manual must be submitted semi-annually (with the organizational charts) to the Office of Management Programs, OAMS. Each OPDIV shall also be responsible for providing HHS officials upon request, or the public with information on all organizational changes, other than those approved by the Secretary.

- b. Each OPDIV must designate an organizational unit **and** an individual to maintain an up-to-date **Organization Manual**. The name of the designee and his/her telephone number should be forwarded to OAMS.
- c. Each OPDIV shall observe the provisions of this Chapter. In addition, an OPDIV may establish other requirements and procedures for the approval of reorganizations.

D. **Approval by the Assistant Secretary for Management and Budget**

Reorganizations requiring the approval of the **ASMB** are identified in Subsection **8-60-30C**, and the procedures for submitting reorganization proposals to the ASMB are stated in the **GAM** Chapter OS: **8-60**.

8-60-60 IMPLEMENTATION OF REORGANIZATION'

- A. The official responsible for implementing a reorganization should, as a minimum, take the following actions:
 - 1. Announce the effective date of an approved reorganization to affected employees as soon as possible.
 - 2. Plan and implement the schedule for updating personnel and payroll records and position descriptions.
 - 3. Submit the appropriate Standard Administrative Code changes in accordance with the procedures outlined in Chapter 8-69, **GAM**.
 - 4. If appropriate, inform affected employees of the availability of housing, schools, and transportation in the new location.
 - 5. Identify the need for new or transfer of existing facilities and equipment. Develop specifications for needed material and service requirements well before the actual move. Also, insure that safety standards and requirements are met.

6. Plan for a continuous and orderly flow of work during the transition from the "old" to the "new" organization.
7. Announce the plan for the placement of personnel in current or new positions in the new organization, and the plan for placement of personnel that cannot be absorbed.

CRITERIA FOR PLANNING AND REVIEWING REORGANIZATION PROPOSALS

HHS officials should consider the **following points** in planning or reviewing reorganization proposals:

A. Legislation

With respect to addition, deletion, or transfer of functions because of a change in legislative requirements:

1. Identify the legislation in the request for reorganization.
2. Reflect adequately the legislative intent in the reorganization proposal.
3. Ensure that the proposed organizational change will assist the organization in accomplishing its mission.

B. Assignment of Functions

In the interest of improved organizational performance:

1. Have clear assignments of functions with no duplication, conflict, or overlap.
2. Establish responsibility for each specific function with an individual unit.
3. Group similar functions and separate dissimilar functions.
4. Encourage coordination but do not force an official to coordinate artificially with others to accomplish his/her tasks.
5. Simplify processes whenever possible to increase administrative efficiencies.

6. Provide for a manageable span of control for each manager and supervisor.
7. Reduce administrative costs by consolidating resources wherever possible.
8. Differentiate between staff and line functions and, where appropriate, place them in separate units.
9. Enable a unit to respond to a crisis or special initiative that relates to its functional responsibilities.

C. Organization Levels and Organization Nomenclatures

1. Keep the organization lean and simple--avoid unnecessary layering.
2. Refer to the Department's nomenclature standards. (See GAM Chapter 8-65.)

D. Delegation of Authority

1. Delegate decisionmaking authority to the lowest practical level.
2. If the reorganization requires new or revised delegations of authority, prepare delegation documents according to procedures prescribed in GAM Chapter 8-100.

E. Staff Resources

1. Explain all staff resources implications (e.g., new **supervisory** positions, new *SES* positions, changes in average grade, potential adverse actions, etc.), including changes in staffing requirements. Be certain that staffing is adequate, but not excessive, to perform each function.
2. Consider the **effect** of any adverse impact toward women, minorities, the aged, and/or handicapped employees.

F. Effect on Other Components

1. Consider the effect, if any, the proposed change will have on other Federal agencies, and identify proposed coordination activities, if any.

2. Consider the effect, if any, on other HHS components and/or the regional offices.
3. Consider changes that will **affect State** and local governments.

G. **Budget**

Detail changes in budget requirements for the agency and changes in the existing budget for salaries, space, cost of moving, etc.

H. **Personnel**

1. Identify **any** problems affecting employees, including the PBS Commissioned Corps, and proposed solutions.
2. Include consideration of employee rights:
 - a. Explain results of any discussion or agreements with employee bargaining units.
 - b. Explain the effects on grade levels.
 - c. Be aware **of**, and try to avoid, adverse effects on employees.
3. Include Administrative **Officers and/or Servicing Personnel** offices **as early as** possible in the planning process to provide you with instructions on how to eliminate positions, create new positions, **and prepare** positions descriptions.



GUIDELINES FOR PREPARING
NOTICES ON REORGANIZATION FOR PUBLICATION
IN THE **FEDERAL REGISTER**

A. Purpose

These guidelines state HHS standards for preparing **reorganization** Notices which the Department publishes in the **Federal Register**. The Notices are required for all reorganizations approved by the Secretary, OPDIV Heads, and for all other reorganizations which may have a significant impact on the public.

B. Heading - The heading of the Notice is to contain the following elements:

1. The accounting code of the organization that will bear the cost of printing and publishing the Notice in the **Federal Register**. The **code** is centered about one inch from the top of the page (size 8 **1/2" X 11"**).
2. The Department's name in all capital letters, centered two spaces below the accounting code.
3. The name of the OPDIV (or the Office of the Secretary) in initial capitals, centered two spaces below **the** Department's name.
4. **A** description of the type of reorganization or the name of the reorganized unit in all capitals, centered two spaces below the **OPDIV's** name.

(For example, if the Notice describes a general reorganization of an OPDIV organization, use the term GENERAL **REORGANIZATION**. If the Notice describes a more limited organization change, use the name of the affected unit (e.g., OFFICE OF _____, DIVISION OF _____ etc.). Sometimes a Notice serves to correct errors in a previous published Notice; in such an instance, it should read: CORRECTION NOTICE.)

5. The term Statement of Organization, Functions, and Delegations of Authority in initial capitals, centered two spaces below the description.

C. Introduction

The introduction should open with a statement which relates the notice to previously published notice(s), if appropriate, by giving the ~~Federal Register~~ citation(s) of these notice(s). For example, if an OPDIV, such as the Office of Human Development Services, abolishes an office and replaces it with a new office, the opening statement would read: "This Notice amends Part D (Office of Human Department Services) by deleting Chapter DL (Office of Individual Assistance) (65 FR 10219, 6/17/76) and replacing it with a new Chapter DY (Office of Community Relations)."

Following this statement, the introduction should state briefly, in simple, non-technical terms, what the Notice is about. If the Notice treats a general reorganization, it should contain the highlights of the changes of that reorganization. If it deals with a more limited change, it should contain a summary statement of the change. If it is a Correction Notice, it should point out the previous error and state the correction.

The introduction should close with a statement similar to the following: "The new chapter reads as follows:" or "The revised statement is as follows:" or "The corrected statement reads as follows:" Generally, the introduction should not exceed a half page.

D. Official Functional Statement

The official functional statement must be compatible in form, content, and language to previously published statements. For example (to continue the sample introduction cited in Item 3):

DY Office of Community Relations

DY.00 Mission. (Give a brief statement of the mission, in terms of broad objectives, goals, etc., as stated in law, Presidential statement, Secretarial directive, or other legal source.)

DY.10 Organization. (Define the organization by stating the title of the head of the organization and the official to whom the head of the organization reports and by listing the major organizational components of the organization, as shown in this

example.) The Administration for Children, Youth and Families is headed **by an** Administrator, who reports to the Assistant Secretary for Human Development **Services**. The Office consists of the following:

Office of Planning and Management (DCA)

Head Start Bureau (DCB)

Children's Bureau (DCC)

DY.20 Functions. (State the principal functions, using one or two **sentences** to describe each function. Emphasize what is **done**--not how or why it is done.)

DY.30 Order of Succession. (Indicate who will succeed the head of the organization and under what conditions succession will occur. This information is generally not **necessary** for organizations two-levels below the OPDIV Head.)

DY.40 Delegations of Authority. Describe the program authorities that have been **delegated** to the head of the organization and the limitations (if any) on how these authorities **are exercised**. Note **that** this is a Notice of the delegation of authority. It does not constitute the formal instrument of delegation. The instrument of **delegation** is a memorandum of delegation. See **GAM** Chapter **8-100** for the procedures on delegations of authority.)

E. Approval Authority

The official who approves the reorganization is to sign the Federal Register Notice. The approval signature is to **appear** four spaces below the last line of the text of the Notice near the right margin. The date of approval will appear on the same line, to the left of the approval signature, near the left margin.

F. Federal Register Standards

HHS offices preparing Notices **are** to conform to the requirements of the Office of the Federal Register. In **summary**, they are as follows:

1. Double space the content of each Notice.
2. **Leave** one-inch margin on top, bottom, and each side.

3. Make sure that all of the text is legible.

For a more detailed listing of **Federal Register** requirements, consult the Document **Drafting Handbook** published by the Office of the Federal Register.

CHAPTER OS : 8-60
APPROVAL OF ORGANIZATION CHANGES
Within the Office of the Secretary

OS: 8-60-00 Purpose
10 Policy
20 Definitions
30 Approvals Required
40 Planning Organizational Change
50 Submitting Requests for
Organizational Change
60 Clearance and Approval
70 Publication of Functional Statement
80 Preparation of Functional Statements

OS:
8-60-00 PURPOSE

This chapter states the policy and procedure that officials in the Office of the Secretary are to follow to obtain approval of organizational change.

OS:
8-60-10 POLICY

The requirements of this chapter must be met before any organizational change within the Office of the Secretary can be effected.

OS:
8-60-20 DEFINITIONS

A. For the purposes of this chapter, these definitions **apply**:

- 1 Organizational Segment--any organization which meets each of these four conditions:
 - a. Is separately established as an organization entity by law, order, regulation, Secretarial authority, or delegated authority.
 - b. Has an approved organizational title.
 - c. Has an approved organizational code.
 - d. Has an assigned function or functions which are performed by full-time employees.

2. Organizational Change--any change which results in:
 - a. Establishment, abolition, transfer, realignment, **or** consolidation of an organizational segment.
 - b. Addition, abolition, transfer of a function or functions.
 - c. Change in the reporting relationships of an organizational segment.
 - d. Change in the name of an organizational segment.
3. Major Organization--any organization under **the direction and** supervision of an official who reports directly to the Secretary.

OS:

8-60-30 APPROVALS REQUIRED

- A. Organizational change within the Office of the Secretary requires the approval of these officials:
 1. Approval of the Secretary is required to effect change at the division level and above. (See Chapter 8-60 of this Manual for more information.)
 2. Approval of the Assistant Secretary for Administration and Management is required to effect change at the branch, section, and unit levels. Prior approval of the Assistant Secretary also is required before requests for organizational change are submitted to the Secretary.
 3. Approval of the head of a major organization is required before requests for organizational change are submitted to the Assistant Secretary for Administration and Management.
- B. These approvals are required even though approval of the change may have already been granted through the budgetary or other administrative process.

OS:8-60-40 PLANNING ORGANIZATIONAL CHANGE

- A. Whenever officials wish to make a change in the organization under their direction and supervision, they should take these preliminary actions prior to preparing the official request-
1. Review the "Checklist for Planning Organization Changes," shown as Exhibit X8-60-1 in this Manual. Though the **checklist** was developed primarily for organizational changes approved by the Secretary, most of its items apply to all organizational changes.
 2. Consult with the Division of Management Policy and Directives, Office of Management Planning and Technology, which provides technical advice and assistance on effecting organization change.

OS:8-60-50 SUBMITTING REQUESTS FOR ORGANIZATIONAL CHANGE

- A. Requests for organizational change should contain the following:
1. An Action Memorandum addressed to the final approving official (either the Secretary or the Assistant Secretary for Administration and Management). The memorandum should discuss the principal aspects and policy issues (if any) of the proposed change and should include:
 - a. A brief but complete statement of the proposed change and the circumstances which make it necessary or desirable.
 - b. A summary statement of the changes in function **or assignment** of functions the change will require.
 - c. A statement of justification of the proposed change in terms of the criteria of sound organization. (See Chapter 8-60 of this Manual for discussion of criteria of sound organization.)

2. A **functional** statement that reflects the proposed change.

B. Requests for organizational change should be forwarded to the Assistant Secretary for Administration and Management, ATTENTION: Division of Management Policy and Directives.

OS:
8-60-60 CLEARANCE AND APPROVAL

A. The Division of Management Policy and Directives will:

1. Clear the proposed organizational changes with appropriate officials in the Office of the Secretary, prepare its recommendation on the proposal, **and** forward the proposal to the Assistant Secretary for Administration and Management or to the Secretary through the Assistant Secretary for final decision.
2. Keep the originating office aware of any problems that **may arise** in the clearance process. Negotiate issues identified in the clearance process. Prepare issue papers for decision by higher officials.
3. Notify the originating office of the final decision.

OS:
8-60-70 PUBLICATION OF FUNCTIONAL STATEMENT

Upon approval of an organizational change, the Division of Management Policy and Directives will arrange for publication of the change in the Department-organization Manual and, if required the Federal Register.

OS:
8-60-80 PREPARATION OF FUNCTIONAL STATEMENTS

A. OS officials should follow these guides in preparing functional statements required by **paragraph OS: 8-60-50A2.**

1. Substantive Content

- a. Statements must have organizational titles that describe both the **organizational** level and the basic function of each organizational segment.
- b. Statements must be concise, yet provide sufficient information to permit someone not acquainted with the organization to understand the substance of work done, authority exercised, and significant relationships with other organizations.
- c. Statements must identify the functions assigned to an organizational segment but should not describe how those functions are implemented, unless such information is necessary to understand the mission or to differentiate the mission from that of some other organizational segment.
- d. Statements must be comprehensive enough to provide a traceable connection between related parts of functional statements of higher and lower levels.
- e. Statements for organizational segments on the same level of organization must be mutually exclusive by incorporating distinctions as to the nature of their activity, the subject of their activity, or their clientele.

2. Wording

- a. Statements are to have the organizational segments as their understood subject.
- b. Verbs are to be present, active, third person, and singular.
- c. Statements treating internal managerial functions may use "directs," "supervises," "administers," and similar terms to cover budgeting, selecting, personnel, general coordination, and other such internal managerial functions common to organizational segments.

- d. Verbs or verbal phrases which give an indefinite indication of the extent of involvement in carrying out a function--such as "handles," "contacts," "sees to"--are to be avoided.
- e. Adjectives indicating the degree to which some attribute is present or the extent of success achieved--such as "large," "difficult," "complicated," "involved," and "effective" --are to be avoided.
- f. Technical terminology is to be held to a minimum.

3. Organization Codes

All organizational segments down to the lowest element (i.e., unit) must have an organizational code. The code becomes an integral part of the organization title. Accordingly, proposals for organization change submitted for approval by the Assistant Secretary for Administration and Management and/or the Secretary should include the code in parentheses immediately following the title of each organizational segment of the proposed organization. See sample below.

Sample:

Division of Program Management (1N19075).

4. Technical Assistance

Functional statements have a definite format and style. The Division of Management Policy and Directives, upon request, will provide guidance in these areas and in questions relating to possible conflicts of functions or responsibilities of other elements of the Office of the Secretary.