



Issue Brief:

NIH Consolidations and the DHHS “One Department” Initiative

June 27, 2003

Background: In the fiscal year 2003 budget proposal, DHHS Secretary Tommy Thompson announced steps aimed at “Improving Management and Performance of Health and Human Services Programs.” The Department’s budget handout said, “HHS is committed to improving management within the Department and has established its own vision of a unified HHS – ‘One Department’ free of unnecessary layers, collectively strong to serve the American people.”¹ More specifically, the budget document reported:

“In support of the President's Management Agenda and the goal of ‘One Department,’ HHS will reduce duplication of effort by consolidating administrative functions and eliminating management layers to speed decision-making. The Department plans to reduce the number of personnel offices from forty to four; to streamline and to consolidate the public affairs and legislative affairs functions; and consolidate construction funding, leasing, and other facilities management activities. These management efficiencies will allow the Department to redeploy staff and other resources to line programs.”²

The Senate Appropriations Committee did not approve of the consolidation of public affairs and legislative affairs functions. The Senate Appropriations Committee’s report on the fiscal year 2003 Labor-HHS-Education Appropriations bill said:

“The Committee does not agree to the proposed consolidation of Public Affairs and Legislative Affairs functions in the Office of the Secretary. For this reason the Committee's recommendation does not include the \$27,793,000 requested to transfer staff from the operating divisions to the Office of the Secretary. In addition, the Committee has denied the fiscal year 2003 bill language request, proposed in the budget, to transfer funds from accounts of the National Institutes of Health and the Agency for Healthcare Research and Quality within the Department for the purpose of consolidating all of HHS legislative and public affairs activities within the Office of the Secretary. The Committee has taken this action because of the concern that information necessary to make timely decisions by the Congress and requests for information by the public may be delayed by this consolidation.”³

The House-Senate Conference Committee on the fiscal year 2003 appropriations bill reiterated the Senate panel’s position:

“The conferees have not approved the proposed consolidation of all public affairs

¹ HHS FY 2003 *Budget in Brief*, page 6

² Ibid

³ Senate Report 107-216, page 203

and legislative affairs funds and functions in the Office of the Secretary. As a result, the conference agreement includes neither the \$27,793,000 requested to transfer staff from the operating divisions to the Office of the Secretary nor the proposed bill language to transfer funds from accounts of the National Institutes of Health and the Agency for Healthcare Research and Quality for the purpose of consolidating all of HHS legislative and public affairs activities within the Office of the Secretary.”⁴

Although the Congress did not address the construction consolidation proposal in report language, it issued a *de facto* rejection by failing to consolidate such functions in the final appropriations legislation.

Current Activity: The Department’s fiscal year 2004 submission was less specific on the consolidation issue than the previous year’s submission:

“The FY 2004 budget supports the President's Management Agenda and includes cost savings from consolidating administrative functions; organizational delayering to speed decision making processes; competitive sourcing; implementation of effective workforce planning and human capital management strategies; and adoption of other economies and efficiencies in administrative operations. Our FY 2004 budget includes savings from ongoing information technology (IT) consolidations and ensures that funds are invested in the highest priority IT projects.”⁵

On June 26, 2003, the Senate Appropriations Committee approved a provision in their version of the fiscal year 2004 appropriations bill for NIH that would block the consolidation of human resource. The provision reads, “SEC. 218. None of the funds appropriated in this or any other Act may be used to carry out or administer the Department of Health and Human Services Human Resources Consolidation plan.”⁶

In the report accompanying the bill, the Committee wrote:

“The Committee has included a new general provision which prohibits the Department from carrying out or administering the Department’s human resources consolidation plan. This prohibition also extends to the Indian Health Service and the Food and Drug Administration. This action was taken at the request of the Subcommittees on the Interior and on Agriculture and Rural Development because of their concerns regarding the impact that the human resources consolidation would have on the agencies in their Subcommittees’ jurisdiction. The agencies within the jurisdiction of the Labor-HHS Subcommittee have unique personnel requirements necessary to carry out the research and health missions mandated by the Public Health Service Act. The Committee believes that centralizing human resource offices, at the same time that the Department is implementing the Federal

⁴ House Report 108-10, page 1116

⁵ HHS FY 2004 *Budget in Brief*, pages 4 and 5

⁶ S. 1356, page 61

Government's plan to outsource various support activities, could disrupt critical research at the National Institutes of Health and public health functions at the Centers for Disease Control and Prevention and other public health agencies. The Committee believes that centralizing human resource offices may lessen the special expertise needed to hire the best public health personnel and dilute the independence of decision-making within the agencies. The Committee believes that before the Department undertakes a human resources consolidation plan, a study should be conducted to determine best practices in improving efficiencies in human resources and administrative functions to achieve the cost-saving aspects of the plan without disputing the hiring decisions made by the public health agencies. Therefore the Committee directs the Secretary to contract with the National Academy of Public Administration to undertake such a study and has included sufficient funds for this purpose."⁷

NIH staff report that the NIH Director met with Secretary Thompson this spring to express concern about the negative impact the "One Department" consolidation proposal was having on the morale of NIH staff. Shortly thereafter, NIH announced the formation of an NIH Administrative Restructuring Advisory Committee (ARAC), chaired by NIH Deputy Director Raynard Kington, M.D., Ph.D. The committee was to "... focus on trans-NIH issues that are changing the NIH administrative management functions."⁸

Dr. Kington reported to the institute and center directors on May 15, 2003 that, "...eight working groups (human resources, information technology, budget, finance, grants [management], EEO, facilities, and acquisitions) are drafting recommendations regarding how these activities can be more efficiently organized at NIH, including a first assessment of performance bench marks."⁹

Subsequently, Dr. Kington reported to the institute and center directors that the co-chairs of the eight work groups met on May 28, 2003 and their reports were due to Dr. Kington on June 2. According to minutes of the meeting, "The ARAC will integrate the work groups' reports to complete the plan Dr. Zerhouni will present to the Department."¹⁰

Details of the ARAC reports are not yet available. Drs. Zerhouni and Kington have promised the institute and center directors an opportunity to review an integrated plan when the full draft is completed.¹¹ Dr. Zerhouni is scheduled to present the plan to Secretary Thompson on June 27, 2003.

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⁷ Senate Report 108-81, June 26, 2003

⁸ Memorandum, IC Directors' Meeting Highlights - April 10, 2003

⁹ Memorandum, IC Directors' Meeting Highlights - May 15, 2003

¹⁰ Memorandum, IC Directors' Meeting Highlights - May 29, 2003

¹¹ Ibid