Special Report:
The Secretarial System

Fiscal Analysis Section
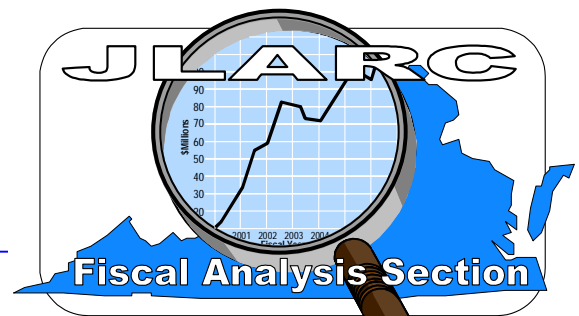
Summary

At its July 2002 meeting, the Joint Legislative Audit and Review Commission asked its staff to follow up on aspects of JLARC's 1997 study of the Secretarial system. The Secretarial system was created in 1972 to improve the Governors' ability to manage the size and scope of State government. Since its creation, the system has been reorganized by Governors and the General Assembly to meet the needs of the State in the most efficient means. Overall, the Secretarial system has functioned well. An increase from the original six Secretaries to the current nine, however, suggests that without clear criteria, the system may expand beyond its intended scope.

In FY 2002, the number and type of statutory responsibilities per Secretary were comparable, with the exception of the Secretary of Education, who has fewer statutory duties. The size and span of control of the nine Secretariats, however, varied substantially. The Secretary of Technology, created in 1998, appears to address gubernatorial policy priorities more than core functions of State government. Despite measurable differences in assigned agencies, levels of staffing, and budgets, the costs of maintaining the Offices of the Secretaries and their necessary levels of staffing vary little. The similar costs of maintaining and staffing the nine Secretaries, despite differences in workloads, are important considerations when determining the merit of creating a new Secretariat.

The Secretarial system continues to function effectively in helping the Governor influence and manage State government. If the system is to continue to reflect its original purpose of representing the core functions of government, the number of Secretaries needs to be maintained at an appropriate and manageable level. The creation of small "legacy" Secretaries that reflect a Governor's priorities rather than the core functions of government could result in a system that sways from its original intent and may represent inefficient use of State resources.

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The Secretarial System in Virginia State Government

Follow-up of JLARC's 1997 Study

At its July 2002 meeting, the Joint Legislative Audit and Review Commission (JLARC) asked its staff to follow-up on aspects of its 1997 study of the Secretarial system in Virginia. Of particular interest was the addition of the Secretary of Technology and whether the current configuration of the Secretariats and assignment of agencies meet the original purpose of the cabinet system. Interest was also expressed in what criteria were used for adding Secretariats.

OVERVIEW OF THE SECRETARIAL SYSTEM

The Secretarial system in Virginia was established in statute by the General Assembly in 1972 and consisted of six Secretaries. The system was set in place to improve the Governor's ability to manage the size and scope of State government. The Secretarial system enhanced the effective management of the executive branch by substituting a cadre of six Secretaries for what Governor Linwood Holton estimated were over a hundred agencies and boards reporting directly to him. Over the years, the responsibilities of the Secretaries have been amplified by statute and executive orders. Each Governor has had broad latitude to define the Secretaries' roles and responsibilities. The General Assembly has also altered the structure and alignment of the Secretarial system by merging, separating, or creating Secretariats.

The primary function of the system, to enable the Governor to better manage State government, has remained the same throughout the years. The roles of the Secretaries, especially with respect to managerial responsibilities, have grown and changed. The Secretaries, appointed by the Governor and approved by the General Assembly, are responsible for overseeing assigned agencies through coordinative, oversight, and budgetary roles. When the Secretarial system was created in 1972, the duties of the Secretaries were imprecise. Since 1972, the responsibilities have been clarified and expanded through changes in statute and by executive orders.

The operational functions of the Secretaries fall into two broad categories—acting as a representative of the Governor and performing a managerial role that involves providing oversight and coordinating the activities of their agencies. In addition, some Secretaries are assigned function-specific responsibilities. Figure 1 summarizes the principal statutory responsibilities of the nine Secretaries.

Figure 1: Secretarial Assignment of Principal <u>Statutory</u> Responsibilities and Duties[1]

Criterion	HHR	Ed	Admin	Fin	C&T	NR	Trans	PS	Tech
Representative of the Governor's Office									
Exercise duties in accordance with Governor's general policy	✔		✔	✔	✔	✔	✔	✔	✔
Direct development of goals/objectives/policies[2]	✔	✔	✔	✔	✔	✔	✔	✔	✔
Employ personnel and consultants as may be required to perform duties	✔		✔	✔	✔	✔	✔	✔	✔
Direct formulation of a comprehensive budget	✔		✔	✔	✔	✔	✔	✔	✔
Managerial Oversight and Coordination									
Forward reports	✔		✔	✔	✔	✔	✔	✔	✔
Resolve interagency disputes	✔	✔	✔	✔	✔	✔	✔	✔	✔
Hold agency heads accountable	✔		✔	✔	✔	✔	✔	✔	✔
<u>Function-Specific Secretariat Duties</u>									
Formulate comprehensive budget for cultural affairs		✔							
Develop comprehensive econ. development policy					✔				
Coordinate implementation of long-term care policy	✔								
Serve as lead Sec. for Comprehensive Services Act for At-Risk Youth & Families	✔								
Establish comprehensive state-wide telecommuting policy			✔						✔
Develop strategies for restoring water quality in Chesapeake Bay						✔			
Function as Chief Information Officer									✔
Establish & Chair Committee overseeing drug screening								✔	
Direct development of plans for strengthening Commonwealth's technology resources									✔
Direct preparation of alternative policies/plans/budgets for education		✔							

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[1] Principal statutory responsibilities for the Secretaries are found in § 2.2-200 of the *Code of Virginia.*

[2] The Secretary of Education is empowered to "direct the preparation of alternative policies, plans, and budgets for education for the Governor" in § 2.2-208.

The first role that Secretaries play involves their statutory responsibility to act as representatives of the Governor or "extensions of the Governor's office." From an operational standpoint, Secretaries are one of the primary means by which Governors communicate with and project themselves into the State bureaucracy. Secretaries serve as a bridge between the policy orientation of the Governor's office and the more technical and operational orientation of State agencies. Secretaries are in a position to communicate the policies and directives of the Governor to the agency heads, coordinate the preparation of budgets for the Secretariats, and perform a variety of liaison and policy roles relating to the General Assembly.

Secretaries also provide oversight of agencies and programs, coordinate activities, and perform substantial information and constituent services. Secretaries also communicate to the Governor important information and issues arising out of their functional areas. Such duties reflect the managerial nature of the Secretaries and contribute to the view that the Secretarial system is an indispensable component of gubernatorial management, a view shared by all of the Governors interviewed for the 1997 JLARC study.

Since the system was created, the General Assembly has enacted statutes that increased the authority of the Secretaries to resolve interagency disputes, settle program and operational conflicts, direct the formulation of a comprehensive budget, and act in accordance with the Governor's policy. These changes significantly altered and augmented the responsibilities of the various Secretaries, with the exception of the Secretary of Education.

The limited statutory powers and duties of the Secretary of Education have remained unchanged since 1976. In this Secretariat, agencies are not required to follow the general policies of the Governor and/or Secretary, and the Secretary does not direct the formulation of a comprehensive budget. (The Secretary of Education does direct the formulation of a comprehensive budget for cultural affairs). The Secretary of Education's authority was apparently limited in order to preserve the relative autonomy that Virginia's Board of Education and institutions of higher education have traditionally enjoyed.

The General Assembly has also made substantial changes to the structure of the Secretarial system since its creation in 1972. Changes in alignment involve the merger or separation of closely related Secretariats. The first shift occurred in 1975 when the Secretary of Administration merged with the Secretary of Finance. The combined Secretary of Administration and Finance was subsequently separated in 1984. Additional changes occurred in 1986 when the Commerce and Resources Secretariat was separated into the Secretary of Economic Development (later changed to Commerce and Trade) and the Secretary of Natural Resources. The Transportation and Public Safety Secretariat divided in 1976, rejoined in 1984, and separated once again in 1990. Finally, the Secretary of Technology was added in 1998, first by executive order,

then by statute. Over time, the Secretarial system has ranged from a low of five to the current nine Secretarial positions. Figure 2 summarizes the evolution of the Secretariats over the past 30 years.

It should be noted that an additional "Secretarial" position, the Secretary of the Commonwealth, is created in statute. The role of the Secretary of the Commonwealth differs significantly from those of the other secretaries and does not include agency oversight. The Secretary of the Commonwealth is therefore not included in this analysis.

The evolution of the Secretarial system reflects the flexibility of the system and the ability of the General Assembly and Governors to modify its structure and composition. Legislation creating the Secretariats assigned State agencies to the various Secretaries, but also gave the Governor the authority to reassign agencies by executive order. The Governors have made use of their flexibility in issuing executive orders to create Secretaries, reassign agencies, define statutory provisions, and delegate additional responsibilities. The Secretarial system has proven to be sufficiently flexible to serve governors of different parties, political philosophies, and management styles. As a result, each gubernatorial cabinet has operated somewhat differently. However, as reported in JLARC's 1997 study, all Governors told JLARC staff that the Secretarial system was an effective and necessary tool for executive management. The views of the various Governors are summarized in the 1997 report. (Archived video-taped interviews of Governor Holton, Robb, Baliles, Wilder, and Allen are available at JLARC and the Library of Virginia.) The 1997 report also noted the almost complete turnover of Secretaries and their staffs between gubernatorial administrations, a situation which complicates transitions between Governors.

FINDINGS OF FOLLOW-UP REVIEW

This review analyzes the structure of the Secretarial system on the following measures:

- assignment of agencies and alignment of Secretarial system
- criteria and considerations for change, and
- current characteristics of the Secretariat

One of the principal reasons for the creation of the cabinet was to reduce the number of entities reporting directly to the Governor. While the Governor has direct reports outside of agency heads, such as his Chief of Staff, the cabinet has clearly reduced the number of State officials reporting to the Governor. Nine Secretaries report to the Governor, representing 90 agencies, almost all of which would report to the Governor were the cabinet not in place. (Appendix A provides a list of FY 2002 Secretarial assignments of agencies.) As shown in Figure 3, the span of control of the Secretaries ranges from five (Finance) and six

Structure of the Secretarial System, by Fiscal Year

Figure 2

73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	00	01

- **Human Affairs** (73–76) | **Human Resources** (77–88) | **Health and Human Resources** (89–01)

- **Transportation and Public Safety** (73–76) | **Transportation** / **Public Safety** (77–88) | **Transportation and Public Safety** (89–93) | **Transportation** / **Public Safety** (94–01)

- **Education** (full span)

- **Commerce and Resources** (73–88) | **Economic Development** (89–93) / **Commerce and Trade** (94–01); **Natural Resources** (89–01)

- **Finance** (73–76) / **Administration** (73–76) | **Administration and Finance** (77–88) | **Finance** (89–01) / **Administration** (89–01)

- **Technology** (end span)

Note: Numbers in first row indicate fiscal years. All changes in structure occurred on July 1 of the year indicated.
Source: JLARC staff analysis.

Figure 3

Number of Statutorily Assigned Agencies
by Secretarial Area and Fiscal Year

Fiscal Year	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	0	1	2
Administration & Finance				27	18	13	14	14	15	15	15	15																		
Administration	7	7	7										11	8	8	8	10	10	10	10	10	11	10	11	11	12	13	11	11	11
Finance	8	8	8										4	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Health & Human Resources	8	8	10	13	12	12	12	12	12	12	10	10	15	17	17	19	18	19	19	15	15	15	15	16	14	14	13	13	13	14
Transportation & Public Safety	8	8	8	8									11	12	11	11	12	15												
Transportation					4	4	5	5	5	5	5	5							4	4	5	4	4	4	5	5	5	5	5	6
Public Safety					8	8	11	11	11	11	9	9							11	11	11	11	11	11	11	11	11	11	11	11
Education	9	9	9	13	15	14	14	13	13	13	13	13	15	10	10	10	10	10	10	10	9	9	9	9	9	10	10	10	10	10
Commerce & Resources	22	22	23	32	31	31	30	29	29	29	30	30	24	22																
Commerce and Trade															13	13	15	16	16	15	15	15	15	16	15	15	15	14	14	19
Natural Resources															8	8	10	11	11	11	12	8	8	8	8	8	8	8	8	8
Technology																												5	5	6
SECRETARIAL SYSTEM TOTAL:	62	62	65	93	88	82	86	84	85	85	82	82	80	74	72	74	80	86	86	81	82	78	77	80	78	80	80	82	82	90

Note: When they have been part of the Education secretariat, the State's community colleges and institutions of higher education are counted together as only one agency.
For the sake of continuity, this evolution chart is based on statute only. Because additional entitities appear in other sources, such as the Secretary of the Commonwealth's Bluebook, a more detailed list for FY 02 has been provided. The Secretary of Technology was created by executive order in 1998, but first appeared in the *Code* effective July 1, 1999.
Source: Acts of Assembly and *Code of Virginia* various years.

agencies (Transportation and Technology) to a high of 19 agencies (Commerce and Trade).

The General Assembly and Governors continue to change and modify the structure and composition of the Secretarial system. Governor Gilmore created the Secretary of Technology in 1998 by Executive Order 9. When created by statute in FY 2000, the Secretary was responsible for five agencies. Since FY 2000, one statutorily assigned agency has been added to the Secretariat, bringing that total to six.

Assignment of Agencies and Alignment of Secretarial System

Over the last 20 years, the number of agencies statutorily assigned to each Secretariat has fluctuated. Figure 3 demonstrates the changes in the number of statutorily assigned agencies by Secretarial area and fiscal year. From FY 1982 to 1987, the number of agencies declined by 13. Over the next four years, from 1987 to 1991, the total number of agencies increased by 14. Within the 1990s, the total number of executive branch agencies has fluctuated only slightly. (It should be noted that the definition of "agencies" varies. For this report "agencies" means those statutorily designated. These agencies are listed in Appendix A.)

The greatest increase in recent years was in FY 2002, with the net addition of eight statutorily assigned agencies. These agencies first appeared in the *Code of Virginia* as agencies for which the Secretaries are responsible in FY 2002, after the re-codification of Section 2.1. It should be noted, however, that several of these apparently new entities existed prior to this year but were not listed in the *Code.* For example, the Motor Vehicle Dealer Board was created by the 1995 General Assembly. Prior to the Board's creation, its function was a part of the Department of Motor Vehicles. Although the Board became operational in FY 1996, it did not appear in statute as an assigned agency until FY 2002. Another example of an entity that appeared in the *Code* in FY 2002 is the Board of Accountancy. Prior to becoming an agency July 1, 2001, this entity functioned as a board in the Department of Professional and Occupational Regulation. Although its status as an agency changed, the Board itself was not a newly created entity.

Since the creation of the Secretarial system, Governors have made use of their flexibility in issuing executive orders to alter the system and to reflect their administration's goals. For example, Governor Allen used this authority to move the Virginia Port Authority from Commerce and Trade to Transportation.

Governors and legislators have had different reasons for altering the Secretarial system by either reassigning agencies or by merging, separating, or adding Secretariats. One problem that Governors and legislators have addressed through changes to the system is that of actual or potential conflicts of

interest. For example, in 1986 the General Assembly separated the Commerce and Resources Secretariat into the Secretary of Economic Development and the Secretary of Natural Resources due to potentially conflicting goals. In 1999, Governor Gilmore transferred the Department for the Rights of Virginians with Disabilities (DRVD) from the Secretary of Health and Human Resources to the Secretary of Administration to eliminate potential conflicts of interests between agencies.   According to Governor Gilmore's Executive Order 46:

> Location of DRVD within the Secretariat of Health and Human Resources poses special challenges because this Secretariat oversees three of the primary service agencies against which DRVD might potentially litigate . . . The transfer of DRVD to the Secretary of Administration will eliminate potential conflicts of interest that may arise from the oversight by the Secretary of Health and Human Resources of agencies, which may be involved in adverse activities against one another.

The General Assembly has adopted changes for other reasons as well, such as concerns about the span of control of the various Secretaries. In 1975, the Secretary of Administration merged with the Secretary of Finance. The combined Secretary of Administration and Finance was later separated in 1984, as the combination proved ineffective. Further, the finance and administration components functioned relatively autonomously. Also, the Assistant Secretary for Financial Policy was acting in practice as a separate and important Secretary. These structural problems caused by the merger of administration and finance stemmed, in part, from the difficulties associated with meeting highly diverse goals within a single Secretariat. In this instance, the span of control for a single Secretariat encompassed enough diverse goals and objectives that separation into two Secretaries was warranted.

In a similar instance, the Secretary of Transportation and Public Safety was divided in 1976, rejoined in 1984, and separated once again in 1990. This final change resolved the problem of having one Secretary oversee two functional areas with little interdependence and overlap of interests.

The Secretarial system has also been adjusted to meet new needs of the Commonwealth and to reflect continual changes in State priorities. For example, in 1998, Governor Gilmore identified the need to improve the Commonwealth's use of technology in State government and throughout Virginia. The Governor also saw technology as an area where Virginia could be a national leader. Enhancing the information technology industry and increasing Virginia's prominence as a technology center became top priorities of his administration. To address these priorities, he established the Office of the Secretary of Technology, the first state cabinet-level post on technology in the United States. The Secretary of Technology also serves as the Chief Information Officer to plan for the acquisition, management, and use of information technology.

The creation of the technology Secretariat also represented what might be termed a "legacy" Secretariat. The role and duties of the Secretary reflect the Governor's priorities, but the demand for the office is less clear when evaluated in terms of objective criteria. Technology can also be seen as a tool of administration, rather than a separate function, such as transportation or public safety. It can also be argued that technology interests cut across Secretariats and it makes more sense to provide technology direction from the Governor's office, rather than from a lateral, or co-equal, Secretary. While the Technology Secretariat addresses a number of worthy goals, it does not meet some of the criteria contemplated when the system was first put in place. A discussion of criteria-related considerations follows.

Criteria and Considerations for Changing the Cabinet Structure

Change to the cabinet structure should involve consideration of a variety of factors. Figure 4 illustrates some of the criteria and considerations that can be used to assign agencies and create Secretariats. One factor that Governors and legislators have considered is an appropriate span of control for each Secretariat. As each Secretary has the statutory responsibility to oversee the activities of agencies within a functional group, it is critical that the Secretariat includes agencies and programs with interrelated priorities or functions, while excluding those with unrelated priorities and functions. Each Secretary should oversee and guide the work of a unique functional area that has a purpose or serves a need that is distinct from those of the other functional areas. Furthermore, these functional areas by design represent the core functions of government and State policy and are created to address substantial and continuous concerns. Secretaries that are created to represent a new Governor's priorities, rather than a core function of government, may not serve a long-term need of the Commonwealth.

There are also practical considerations that should be made when creating or modifying the structure of the Secretarial system. For example, the agencies overseen by a new Secretariat should be large enough to warrant the expenditure of funds for a separate Secretarial office. Agencies within the newest Secretariat, Technology, received their first appropriations in FY 1999, for a total amount of $17 million.

Figure 4 summarizes key characteristics of the Secretarial system in FY 2002. In FY 2002, the costs of maintaining the actual Secretarial offices were similar across the functional areas and did not vary substantially based on the size of the Secretariat. The budgets for the Secretarial offices range from $502,000 for Transportation and Finance to $1,007,000 for Health and Human Resources, with an average of $679,000. The Secretary of Technology, representing the smallest Secretariat, received $579,000.

Figure 4: Organizational and Budgetary Comparison of Secretariats

Criterion	HHR	Ed	Admin	Fin	C&T	NR	Trans	PS	Tech
Year of Creation (by statute)	1972	1972	1984	1984	1986	1986	1990	1990	2000
Previously Reorganized?	No	No	Yes	Yes	Yes	Yes	Yes	Yes	No
Staff for Office of the Secretary (FTE)	10	6	15	5	7	6	4	7	6
Number of Deputies[1]	2	2	2	2	1	1	2	2	1
Appropriations for the Office of the Secretary (thousands)[2]	$1,007	$631	$1,002	$502	$619	$546	$502	$720	$579
Budget of Secretariat (millions)	$6,079	$8,968	$578	$659	$713	$246	$3,034	$1,911	$22
General Funds (millions)	$2,612	$5,612	$558	$602	$170	$101	$45	$1,412	$17
Non General Funds (millions)	$3,467	$3,356	$21	$57	$543	$145	$2,989	$499	$5
Number of Employees in Secretariat (FTE)	17,105	45,987	937	1,187	2,643	2,014	12,719	21,371	360
Number of Statutorily Assigned Agencies in FY 2002	14	10	11	5	19	8	6	11	6
Number of Other Agencies[3]	1	15[4]	3	1	1	0	1	0	0
Number of Associated Collegial Bodies[5]	53	44	19	7	79	51	7	15	7
Includes agencies/programs with interrelated focus/function	✔	✔		✔		✔	✔	✔	✔
Includes agencies/programs with disparate functions			✔		✔				
Large enough to warrant expenditure of funds for a separate secretarial office?	✔	✔	?	?	✔	✔	✔	✔	
Carries out a substantive purpose (not created to address a new development)?	✔	✔		✔	✔	✔	✔	✔	
Carries out a support function			✔						✔

[1] Based on websites maintained by Governor Warner's administration
[2] All appropriation data and FTE data are for FY 2002, in Appropriation Act Chapter 814
[3] Based on the Secretary of the Commonwealth's state organization chart for FY 2001
[4] This number includes 12 Universities and Colleges and the Virginia Community College System
[5] Based on analysis of Secretary of the Commonwealth's
   Bluebook. Each collegial body has power vested equally among colleagues/members, was established by law or Executive Order, and typically has members appointed by the Governor or General Assembly

The full-time staff and numbers of deputies for the offices are also relatively consistent, with the exception of Health and Human Resources and Administration, which each maintained larger staffs in FY 2002. Assigned staff can be somewhat misleading, however, as Secretaries often "borrow" staff from associated agencies. Such practices can be appropriate, particularly for short-term projects. In addition, overlap of function and proximity can sometimes obscure the line between roles of Secretary and agency. For example, the mission of the Department of Planning and Budget (DPB), as well as its location in the same building as the Secretaries, has resulted in DPB serving as an extension of the Secretarial staffs in some administrations.

An appropriate workload should also be a consideration for altering the cabinet system or creating a new Secretary. The workload of a Secretary is driven by a variety of factors, including the number of assigned agencies that a Secretary oversees. Secretaries that oversee the greatest number of agencies have a large number of agency heads reporting to them and affecting their workload. The relative complexity of some agencies, the programs they offer, or the clients they serve can also affect the workload of a Secretary.

Finally, despite the heightened responsibilities and authority exercised by the Secretaries, their primary functions are still largely managerial in nature. Per statute and executive orders, the roles of the Secretaries have been strengthened and clarified to include a variety of oversight, managerial, and budgetary roles. In the 1996 Appropriation Act, the General Assembly added language in § 4-6.05 which stated:

> The Governor's Secretaries shall exercise no authority with respect to the selection of applicants for classified positions. The Secretary and the Office of the Secretary shall not review or approve employment offers for classified positions prior to an employment offer being extended.

This language was added to prevent Secretarial staff from interfering with agency appointments to the classified ranks, thereby undercutting an agency head's role as the agency's appointing authority. When a Secretariat is sufficiently large, the policy and oversight roles of the Secretary should be substantial and prevent interference and overlap between Secretary and agency head roles. A smaller Secretariat increases the potential overlap of responsibilities between Secretaries and agency heads.

Current Characteristics of Secretariats

In its current state, the Secretarial system appears to be functioning efficiently and appropriately. In FY 2002, the Secretary of Education was the largest Secretariat with respect to its budget. According to Chapter 814 of the *2002 Acts of Assembly*, agencies in the education Secretariat received $9 billion

in appropriations. This appropriation represented 40 percent of the total appropriations to the nine Secretariats. The Secretary of Education was also the largest Secretariat with respect to its general fund appropriations, as agencies in the Secretariat received 50 percent of the total general fund appropriations. By contrast, the Secretary of Technology was the smallest Secretariat with respect to general and non-general fund appropriations. The Secretary of Technology received less than one percent of the total general and total non-general funds.

The diverse appropriation levels of the Secretary of Education and Technology reflect different workloads, including substantially different numbers of agencies, associated collegial bodies, and levels of staffing. For example, in FY 2002, the Secretary of Education was responsible for 25 agencies. The Secretary of Technology and Secretary of Finance each had six assigned agencies (statutorily assigned and other), the fewest number among the nine Secretariats. On a day-to-day basis, the number of agencies that a Secretary oversees affects the number of agency heads with which the Secretary interacts. The Secretary of Education also had more than six times as many associated collegial bodies as the Secretary of Technology. Further, in FY 2002, the Secretary of Education maintained 44 percent of the total full-time equivalent (FTE) positions of the nine Secretariats, while the Secretary of Technology had less than one percent of the FTE positions. Despite the differences in agencies, collegial bodies, and staff that report to the Secretaries, the staffing levels of the Offices of the Secretaries of Education and Technology are almost identical. (This reflects, in part, the more limited statutory role of the Secretary of Education.)

Comparing the number of agencies for which each Secretary is responsible does not demonstrate a clear correlation with total appropriations. The two largest Secretariats with respect to assigned agencies are Education and Commerce and Trade, with 25 and 20 agencies respectively (counting both statutory and other assignments). While agencies in the Secretary of Education receive the largest appropriation ($9 billion), the Secretary of Commerce and Trade receives only $713 million, or approximately eight percent of the budget for education. A stronger relationship exists between the level of full-time staffing and total appropriations, as the four Secretariats with the largest staffing levels— Health and Human Resources, Transportation, Public Safety, and Education— also receive the most funding.

Clients served by a Secretary can also affect workload. While difficult to quantify the number and types of clients affected by a Secretariat can affect workload by influencing the quantity and complexity of work with which the Secretary is involved. Agencies in the Secretary of Natural Resources served 6,319,300 State park visitors in FY 2001. This population did not place the same demands on the Secretary, however, as did the 33,109 inmates served by the Secretary of Public Safety that same year. While the Secretary of Education has fewer statutorily assigned responsibilities relative to other Secretaries, the

education function serves over one million students in elementary and secondary schools, as well as approximately 175,000 students in higher education. From time to time, the high numbers of clients associated with a function can generate substantial demands related to correspondence and other Secretarial duties.

CONCLUSION

The Secretarial system in Virginia has been largely successful in its primary function—enabling Governors to better direct and manage State government. The system serves a balance of administrative, managerial, and policy-oriented functions. The system has proven sufficiently flexible to serve Governors of different parties, political philosophies, and management styles. Under the current system, the Governors of Virginia have been able to promote agency compliance with their policy agendas.

The Secretarial system can be evaluated and understood by examining a variety of different criteria. The size of a Secretariat can be measured through the budget of the Secretariat, the level of staffing, and the number of affiliated boards, commissions, and agencies. In FY 2002, the budgets of the various Secretariats varied between $22 million and almost $9 billion. The level of staffing ranged from 360 to 46,000. Despite measurable variances in size of the nine Secretariats, the costs of maintaining the actual Offices of the Secretaries were similar, ranging between $500,000 and approximately $1 million.

Many factors affect the workload of the Secretaries. The number of entities a Secretary oversees, its statutorily assigned responsibilities, the priorities of the Governor, and the number of clients it serves all drive the workload of a Secretary. These indicators vary between the Secretariats, with the numbers of statutorily assigned agencies ranging from 5 to 19. The number and types of statutory responsibilities are similar across the Secretariats, with the exception of the Secretary of Education. Workload indicators and size criteria should all be considered when creating a new Secretary. If the workload of a proposed Secretary is insufficient or the size of the Secretariat is small in comparison to others, careful consideration should be given to the importance and justification of creating and maintaining that office.

When creating a new Secretariat, adequate consideration should be given to other factors as well. For example, the span of control of the Secretariat should be appropriate. An appropriate span of control should include agencies with interrelated functions while excluding agencies with unrelated functions. A Secretariat should be large enough to warrant the expenditure of funds for a separate office. Furthermore, the Secretary should carry out a substantive purpose. Although the Secretarial system was meant to be flexible, it was not created to address a more temporary policy interest or priority of a Governor. The creation of small "legacy" Secretariats should be avoided unless they address core functions of the State and cannot be addressed by other means.

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Since its creation, the Secretarial system has grown from six to nine Secretaries. At several points in time the system has been evaluated and reorganized to better serve its function of improving the Governor's ability to manage the size and scope of State government. Secretariats have been merged, separated, and created based on new or changing needs. Future recommendations to reorganize or create Secretariats should be based on careful evaluation of objective criteria and a determination that only a new Secretariat can properly address the State's needs. If the number of Secretaries continues to grow, the utility of the system in reducing the Governor's span of control is diminished, as are the advantages of have important core functions grouped under a Secretary. Prior to the creation of a new Secretariat, serious consideration should first be given to other options, such as the creation of a new deputy in an existing Secretariat or the designation of a special assistant in the Governor's office. Such options would give the Governor the flexibility of addressing new policy interests without further inflating the existing Secretarial system.

Policy Option. **The General Assembly may wish to consider maintaining the Secretarial system at its current size and encouraging the use of special gubernatorial assistants or deputy secretaries as alternatives to the creation of new Secretariats to address policy priorities or emerging needs.**