

**JOINT LEGISLATIVE
AUDIT AND REVIEW
COMMISSION**

**THE
VIRGINIA
GENERAL
ASSEMBLY**

**INTERIM REPORT:
ORGANIZATION OF THE
EXECUTIVE BRANCH**

INTERIM REPORT OF THE
JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION ON
THE ORGANIZATION OF THE EXECUTIVE BRANCH
TO
THE GOVERNOR
AND
THE GENERAL ASSEMBLY OF VIRGINIA



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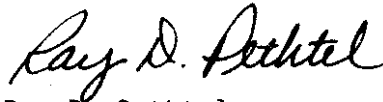
Sarah J. Larson

Susan L. Urofsky, Division Chief

PREFACE

House Joint Resolution 33 of the 1982 session of the General Assembly directed the Joint Legislative Audit and Review Commission to study the organization of the Executive Branch of the Commonwealth's government. This interim report outlines the major areas under study as well as the research approach taken by JLARC staff.

A resolution has been submitted to the 1983 General Assembly to authorize continuation of this study. A final report will be made during 1983 and will be available to members of the General Assembly prior to the convening of the 1984 session.



Ray D. Pethtel
Director

January 6, 1983

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I. INTRODUCTION

The importance of organizational structure in enhancing State government's efficiency and responsiveness has long been of interest to Virginia's leaders. Over the years numerous study commissions have examined the structure of the executive branch, and have sounded a common theme. In 1924, a special study commission found that:

. . . State administration is, as a rule, merely a collection of offices, boards, and agencies created at irregular intervals, in a haphazard fashion, and without reference to the groupings of related work in one department. Naturally, these conditions result in lack of correlation of work, lack of harmonious legislative policy, ineffective supervision and administrative control, expensive duplication of work, and diffused governmental responsibility. [Commission on Simplification and Economy of State and Local Government, 1924]

Similar concerns were raised in 1947:

The absence of a program for the development of a logical organizational structure has resulted in the present existence of some 70 departments and agencies which are practically autonomous Many independent agencies perform functions related to those of other agencies. Many agencies have facilities duplicating those of other agencies. The result is that personnel cannot be utilized most efficiently and effectively under existing conditions. [Commission on Reorganization of State Government, 1947]

In the mid-1970s, the same characteristics prevailed:

Today there are over 100 agencies, boards, and commissions These agencies administer over 700 programs--many with common goals, objectives, and purposes. This has led to piecemeal results and inefficient utilization of the State's resources. Fragmentation of functions among so many administrative organizations has made it difficult to fix accountability and responsibility for results. [Commission on State Government Management, 1975]

Despite numerous reviews of the structure of the executive branch and recommendations for change, there continues to be concern over the number and relationships of organizational components. House Joint Resolution 33, passed by the 1982 General Assembly, directed JLARC to conduct a study of the organization of the executive branch for the purpose of determining the most effective and efficient structure. Among the principal concerns addressed in the resolution are the following:

- There are currently more than 200 separate entities in the executive branch.
- With few exceptions, these activities seem to function independently without close relation to others.
- Good organizational principles would suggest a smaller number of departments with subdivisions within these departments to administer specific programs.

When enacted by the General Assembly, floor discussion also covered executive direction and authority. Consequently, the study concept was expanded to address the structure of executive direction in addition to the physical structure of the executive branch.

The JLARC study has three major objectives:

1. To review the organizational structure of the executive branch in terms of agencies, programs, and activities, and identify areas of potential duplication, fragmentation, and inappropriate alignment.
2. To assess the roles of the Governor's secretaries and citizen boards in providing executive direction.
3. To present options for restructuring the executive branch to achieve greater responsiveness and efficiency.

II. ORGANIZATIONAL STRUCTURE OF THE EXECUTIVE BRANCH

State officials have conducted four major reorganization studies since 1920. The object of these studies has been to improve the efficiency and effectiveness of the executive branch by changing the structure of state agencies and programs. Although many important changes have been made, the structure of the executive branch in 1982 is still large and complex. A total of 396 separate entities currently exist within the executive structure.

History

The size of Virginia's executive branch, in terms of the number of agencies, has increased dramatically over the past 30 years. Although little change in growth or organization occurred during the 1950s, 44 new agencies were created during the 1960s. Nineteen of these agencies were in the education area, primarily units of the community college system. The commerce and resources area added nine agencies, most of which were product commissions such as the pork and sweet potato commissions.

The most significant growth occurred during the decade from 1970 to 1980. The total number of agencies increased by 55. The greatest increases occurred in the areas of education with 15, human resources with 15, and public safety with 14. Some agencies were created as a result of two major government reorganizations during the decade. Others were results of federal programs initiated during the period. The addition of seven new mental health institutions and seven correctional facilities accounted for a share of the growth.

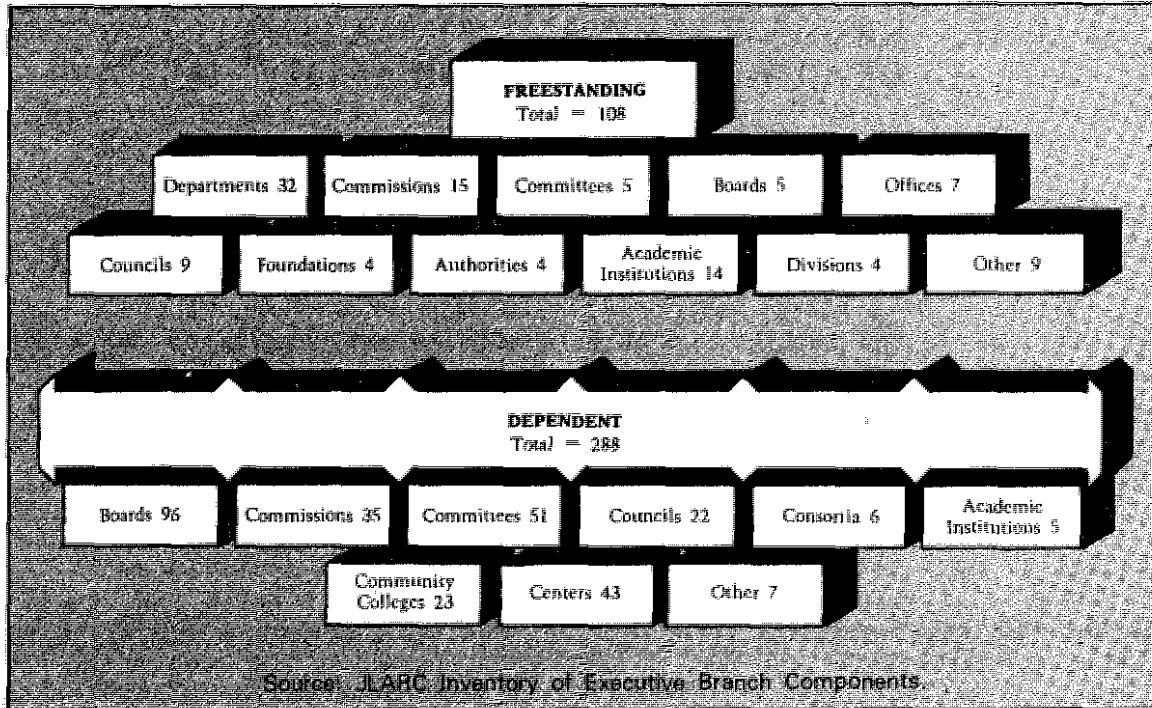
Current Structure

At present, the executive branch of Virginia State government is composed of 396 organizational components. As Figure 1 illustrates, there are 108 freestanding entities that have been designated as such by statute or other means, such as executive order. The freestanding entities are known by a variety of names, and the majority are independent agencies with statutory responsibility for administering programs.

In addition, there are 288 dependent entities that do not operate autonomously, but rather work with, for, or under the jurisdiction of a freestanding agency. Although corrections facilities, mental health facilities, and community colleges are dependencies, most dependent bodies are boards and commissions made up of citizen members. They may be aligned with an administrative agency, a profession or an occupation, a commodity, an educational institution, or a client group with special needs.

Figure 1

**SCOPE OF THE EXECUTIVE BRANCH STRUCTURE
(FY 1982)**



Most of the executive branch entities are grouped into one of six functional areas. Section 2.1-398 of the *Code of Virginia* defines these functional areas as administration of justice, education, individual and family services, resource and economic development, transportation, and general government. This functional arrangement provides the most basic framework for the structure of the executive branch. Each of the six governor's secretaries is assigned primary responsibility for overseeing agencies within a functional area (Table 1).

Research Approach

In order to identify potential structural problems within the executive branch, JLARC conducted a review of activities, programs, and agencies. The goal of this functional analysis was to identify points within the current structure where organizational reassignment might result in a more efficient and responsive structure. The review did not, however, question the mission of State government or the activities the State has elected to carry out.

JLARC staff reviewed several types of sources to compile a list of potential structural problems. Planning and budgeting data in the form of PROBUD expenditure data was analyzed at the agency, program, and subprogram levels. Agency documents such as mission statements and budget exhibits were reviewed. Finally, legislative documents were examined, including special task force and commission reports, and proposed and enacted legislation.

Table 1

NUMBER OF ORGANIZATIONAL UNITS BY FUNCTIONAL AREA

FY 1982

<u>Functional Area</u>	<u>Freestanding Entities</u>	<u>Dependent Entities</u>	<u>Total</u>
Resource & Economic Development	31	91	122
Education	23	80	103
Individual & Family Services	17	54	71
Administration of Justice	7	36	43
General Government	19	10	29
Transportation	8	9	17
Statewide Elected Officers	3	8	<u>11</u>
TOTAL			396

Source: JLARC Inventory of State Agencies and Entities

The activities, programs, and agencies of the executive branch were analyzed to see if their structural location exhibited one or more of the following characteristics:

- *Duplication* -- Where two or more agencies conduct identical activities at the agency, program, or activity level.
- *Fragmentation* -- Where two or more agencies carry out different activities leading to the accomplishment of the same goal.
- *Inconsistent Alignment of Agencies and Activities* -- Where the goal of one activity or agency is different from others in the same group.

If an activity, program, or agency fell into one or more of these categories, it was added to a list of potential structural problems.

The General findings from the functional analysis point to a number of potential changes, within a few functional areas:

- *Structural Changes* -- There are 81 potential structural problems of duplication, fragmentation or inconsistent alignment where changes could potentially improve effectiveness and efficiency.

- *Functional Area Concentrations* -- While potential problems are found in all secretarial areas, they occur most frequently in the resource and economic development area and in the individual and family services area.
- *Agencies Involved* -- 108 agencies are involved in at least one case of potential duplication, fragmentation, or improper alignment.
- *Agency Concentrations* -- Structural characteristics are highly concentrated around the departments of health, social services, agriculture and consumer services, conservation and economic development, and mental health and mental retardation. These characteristics include all situations where programs or subprograms could be transferred into or out of departments.

JLARC staff are currently following up on each potential structural problem with telephone interviews and additional document reviews. The initial outcome of this research effort will be a list of potential structural problems for further examination by the legislative and executive branches.

III. ROLE OF THE GOVERNOR'S SECRETARIES IN THE EXECUTIVE STRUCTURE

A new concept of government management in Virginia was introduced in 1972 with the creation of secretaries to the Governor. Subject to the supervision of the Governor, secretaries assist in directing, controlling, and overseeing executive branch agencies.

History

While all the major reorganization studies in the 1900s have recommended a management level between the Governor and agency directors, specific proposals have varied. The first mention of a corps of high-level assistants was made in 1927 when the Governor indicated he would call agency heads together periodically to serve as an informal "cabinet" of advisors. In the 1940s two studies recommended high-level assistants. The first called for a Commissioner of Finance to oversee all the financial operations of the State, and the second recommended that a formal cabinet of agency heads be created by legislation.

In 1966, a commissioner of administration was established. In 1972, the commissioner of administration was renamed the secretary of administration, and following the recommendations of the Governor's Management Study, the secretaries of finance, human resources, education, transportation and public safety, and commerce and resources were created.

In 1974, the functions of administration and finance were combined into one secretarial position. A separate secretary of public safety was created in 1976. And a special secretarial position -- assistant secretary for financial policy -- was established in 1978 to advise the secretary of administration and finance on financial matters.

Current Structure

There are currently six secretaries overseeing the following areas:

- Administration and Finance
- Commerce and Resources
- Education
- Human Resources
- Public Safety
- Transportation

Each secretarial area corresponds to a functional area of State government.

The powers and duties of the secretaries are designated in the *Code of Virginia* (Section 2.1-51 through 56). Subject to direction and supervision of the Governor, each secretary is to (1) resolve administrative, jurisdictional, and policy conflicts between agencies, and (2) direct the formulation of a budget. In addition, specific responsibilities are designated for three of the secretaries. For example, the secretary of education directs the formulation of a State-wide budget for cultural affairs, while the secretary of transportation develops the statewide transportation plan. All agency reports, except in education, are to be transmitted to the Governor through the secretaries.

The statutory roles of the secretaries are general, thereby giving each Governor considerable flexibility to determine specific actions needed to conduct these responsibilities. Consequently, the actual responsibilities of secretaries have changed from one administration to the next.

The current secretarial system is supported by 27 staff positions. In addition, secretaries rely on a number of outside sources to assist them in carrying out their responsibilities. These sources include but are not limited to State agencies, staff in the Governor's office, fellows and interns, and volunteers.

Research Approach

Research regarding the secretarial system has primarily involved document reviews and structured and unstructured interviews. Several areas of further study are currently being pursued:

- *Roles and Responsibilities* -- The authority and responsibility delegated to the Governor's secretaries is being reviewed, as well as secretarial relationships with other entities in government, including the Governor's office, support agencies, line agencies, and collegial bodies.
- *Workload and Staffing* -- Secretarial activities and the type, magnitude, and extent of supplemental staffing are being examined. Differences in secretarial workloads and orientations as affected by number of agencies, programs, funding, and personnel are also being reviewed.
- *Other Models* -- While the complex nature of Virginia's executive branch requires some level of management between the Governor and agencies, the current structure is only one of several alternatives that could be considered. Alternative models and the success of other states in implementing these various alternatives are being assessed.

IV. ROLE OF BOARDS IN STATE GOVERNMENT

Citizen participation is considered an essential feature of Virginia's government. The utilization of boards and commissions composed of citizen members is intended to foster involvement by the public and forge a link between government and the citizens it serves. Although each of the over 200 executive branch boards has its own unique characteristics, each has a role in the direction of state government activities.

History

While every major reorganization study in Virginia has acknowledged the importance of collegial bodies, several studies have questioned the roles assigned to them. More specifically, the appropriateness of administrative responsibilities for collegial bodies has been questioned frequently. A variety of recommendations regarding this subject have been made over the years.

A 1927 study recommended elimination of the administrative roles of boards and commissions. Conversely, in 1940, a Chamber of Commerce study recommended setting up administrative boards in areas where policy was new or not well-defined. In 1947, a study Commission asserted that collegial bodies should not have administrative powers. Subsequent studies addressed overlaps between boards and agency directors, and conflicts between board-developed policy and executive policy.

A mid-1970s study commission recommended a fairly restrictive role for boards and commissions, limited to monitoring agency activities, communicating the goals and achievements of the department to the citizenry, and advising the Governor and Governor's staff on any matter affecting the agency. The commission reaffirmed that the authority to set major policy for the State is the responsibility of the General Assembly, and not of collegial bodies.

Current Structure

Over 200 boards, commissions, councils, and committees currently exist in Virginia. Almost every administrative agency in the executive branch has one or more multi-member boards aligned with its organizational structure. The scope of authority of each board is determined by several factors including statutory responsibility, placement within the State organizational structure, funding level, and composition.

Boards and commissions have been assigned a wide range of responsibilities including the following:

- Supervisory and Policy Making
- Full-Time Administrative and Policy Making
- Regulatory
- Standard Setting
- Licensing and Issuing Permits
- Coordinating
- Advisory
- Advocacy
- Distributing Federal Funds

Because most boards are composed of citizen members serving in a part-time capacity, State agencies must provide various types of supportive services to enable boards to carry out their assigned responsibilities.

Research Approach

The JLARC study focuses on the major policy development, supervisory, advisory, and monitoring roles of boards. Seven case study boards were selected for in-depth review and analysis.

Using several sources, JLARC staff identified 73 boards that oversee the entire operations of a state agency or institution of higher education. Individual product commissions, professional regulatory boards, and any other boards whose scope of authority was limited to a portion of an agency's activities were not included. Selection of boards for case study review was further limited to "powerful" boards that oversee agencies with large appropriations. Seven boards with a mix of advisory, policy-making, and supervisory responsibilities were then selected for case study review:

- Advisory Board on Aging (Advisory)
- Mental Health and Mental Retardation Board
(Advisory, Policy-Making)
- Board of Social Services (Advisory, Policy-Making)
- Board of Conservation and Economic Development
(Policy-Making)
- Virginia Community College System Board
(Policy-Making, Supervisory)
- Highway and Transportation Commission
(Policy-Making, Supervisory)
- State Water Control Board (Policy-Making, Supervisory)

Several areas of study concerning boards and commissions are currently being pursued.

- *Roles and Responsibilities* -- The differences in responsibilities and activities among the various types of boards are being reviewed.
- *Board Support* -- The staffing, financial, and other types of support provided to boards and commissions are being reviewed, as well as the variation among types of boards in the support provided.
- *Reporting Relationships* -- The relationships between boards and other State entities, including the Governor, the governor's secretaries, and agency directors, are being reviewed. Included in this consideration are reporting requirements, budgeting, and overall accountability.

V. FRAMEWORK FOR EXECUTIVE DIRECTION

Making State government work in a way that produces the results for which it was created requires direction and control. There are four levels of direction and control in the current organization of the executive branch: the Governor, the Governor's secretaries, agency directors, and citizen boards and commissions.

History

In order to ensure that these governmental executives are able to provide appropriate direction and control, they must have clear assignments of responsibility and authority. Since the 1920s, Virginia's leaders have at times voiced concern about unclear and overlapping responsibilities and the piecemeal assignment of authority for program accountability. Currently, there still exist unclear and diffuse responsibilities and authority among the State's executives.

Current Structure

Clear assignment of responsibility and authority for running the State's programs is necessary to ensure that agencies receive direction that is consistent with legislative intent and executive policy. The *Code of Virginia* gives multiple actors the responsibilities for providing direction to programs. These actors include the General Assembly, agency directors, the Governor's secretaries, and citizen boards and commissions. Sometimes the statutory references do not clearly delineate which position has final authority and accountability for program performance. The clarity of roles is further clouded by delegated responsibilities that are communicated through executive orders and policy directives.

While each of the levels of executive management serves important functions in the overall operations of the executive branch, the input from multiple managers can cause uncertainty as to accountability and can require extensive coordination and collaboration to achieve consensus. This is especially apparent in areas of program policy development and program administration.

Research Approach

Several aspects of overall executive direction are being pursued:

- *Authority and Responsibility for Policy Development* -- Currently, multiple parties are involved in the development of State policy. The authority and appropriateness of the involvement of each party is being assessed.
- *Authority and Responsibility for Program Operations* -- Program operation is largely the statutory responsibility of agency directors. To some extent, however, other parties may become involved. The authority, extent, and appropriateness of this involvement is being reviewed.

VI. CONCLUSION

This progress report has outlined the major areas under study by JLARC in its review of executive branch structure. A continuing resolution has been submitted to the 1983 General Assembly to authorize continuation of the study so that a final report can be made prior to the convening of the 1984 Session of the General Assembly.

JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION

Research Staff

John M. Bennett
L. Douglas Bush, Jr.
Suzette Denslow
Lynn L. Grebenstein
Stephen W. Harms
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Clarence L. Jackson
Kirk Jonas
R. Jay Landis
Sarah J. Larson
Philip A. Leone
John W. Long
Joseph H. Maroon
Barbara A. Newlin
Ray D. Pethtel
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Glen S. Tittermary
Susan L. Urofsky
Mark D. Willis
William E. Wilson
R. Shepherd Zeldin

Administrative Staff

Deborah A. Armstrong
Vivian L. Dorrough
Sharon L. Harrison
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Betsy M. Jackson
Patricia L. Jordan
David W. Porter

Interns

Florence R. Haines
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910 CAPITOL STREET — SUITE 1100 — RICHMOND, VIRGINIA 23219 — (804) 786-1258

