

FOR MONDAY, FEBRUARY 9 RELEASE

REPORT TO THE PEOPLE

ON

EXECUTIVE REORGANIZATION

from

GOVERNOR HAROLD LEVANDER

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"We have all seen organizations so far gone in the rigidities of age that they ought to be pensioned off and sent to Florida to live out their days."<sup>1</sup>

A few years ago, the organization of state government was reaching a point that some considered such a Florida journey for it. There hadn't been a serious comprehensive look at our State's structure in 30 years. To illustrate the plight of our Executive Branch, a meeting of all the people directly responsible to the Governor would require an auditorium, or if a person is interested in water resources he would have to contact eight separate agencies.

Government reorganization of the Executive Branch was one of my first and highest priorities when I came into office. In our first Legislative Session in 1967, important steps were taken. The Department of Conservation, the Department of Labor and Industry and the Public Service Commission were all restructured. The old department of Business Development was reworked and turned into the new Department of Economic Development. The Nation's first State Human Rights Department was created and an office of Urban and Local Affairs established in the State Planning Agency.

As a result of a citizens' committee study and the Legislature's concern, significant reorganization legislation was passed during the 1969 Session.

I intend to carry out my goal to leave Minnesota with a responsive government by devoting a great deal of my time to reorganizing government during the next eleven months.

WHAT DOES THE REORGANIZATION ACT MEAN TO YOU?

First, it means you can better judge your governor's performance. Under the new legislation, the terms of most of the Governor's department heads are coterminous with the Governor. This provision will allow my successor to create his own team of administrators. The Governor has more control over his cabinet and consequently has more control over state policy. Therefore, he can be judged legitimately on what happens in the Executive Branch.

<sup>1</sup>John Gardner

For your safety:

A new Department of Public Safety was created combining the Highway Patrol, the Department of Civil Defense, the State Fire Marshal Division, the Bureau of Criminal Apprehension, the Motor Vehicle Division, the Drivers' License Division, and the Capitol Complex Security Division.

Mr. Wallace Hoaglund has been appointed as the first Commissioner of Public Safety. Mr. Hoaglund's appointment became effective January 1, 1970. This department is to be officially established on June 30, 1970. Since his appointment, Mr. Hoaglund has been working with the Department of Administration and the units that will make up this department, planning the organizational structure, the centralization of staff functions, the program structure and the overall mission of the department. Initially the central staff of their organization will be located in the Motor Vehicle Division in the State Highway Building.

For your protection in commercial matters:

A new Department of Commerce was created, consisting of the Divisions of Banking, Securities, Insurance, and the section on Consumer Services.

The Department is headed by Thomas Hunt in his capacity as Chairman of the Commerce Commission.

An Executive Secretary has been appointed and plans are being developed for a reorganization of the administrative functions of the Commission. These plans should be completed and implementation of the plan started within the next month. A hearings officer and a court reporter have been authorized by the Legislative Advisory Committee and employed.

Of more interest to the general public is the newly created Section of Consumer Services. This Section is responsible for consumer fraud matters, charity solicitation registrations, and improved administrative procedures for professional and occupational licensing boards.

For more efficient use of your tax dollar:

The collection of the oleomargarine tax has been transferred from the Department of Agriculture and the collection of boxing gross receipts tax or live exhibitions has been transferred from the Boxing Commission to the Department of Taxation.

For our urban problems:

The Act created within the State Planning Agency an Urban Affairs Council charged with developing a state-urban policy for consideration by the Governor and the Legislature.

The Council, chaired by the Governor, is composed of State Department Heads, the Chairman of the Metropolitan Council, and Regional Development Commissions.

The first assignment to the Council was to co-sponsor with Housing and Urban Development Secretary George Romney a statewide conference on housing (Operation Breakthrough). Since that time, Pentom, Inc. has developed a new design concept for prefabricated homes and negotiated a contract allowing off-site construction with the Minnesota Building Trades Council. This development pioneers a new attitude toward housing construction which can greatly ease our housing shortage.

The primary responsibilities for the Council this year are:

- A. To examine the role of the State in housing and urban environment;
- B. To develop a state-local fiscal policy;
- C. To assess state-regional development and relationships;
- D. To analyze the structure, organization and function of local government;
- E. To examine the delivery of state services in inner cities.

An executive director, research intern and model cities liaison representative have been appointed.

For our transportation problems:

Minnesota has a vast and complicated transportation network. Minnesota ranks fourth in the Nation for the number of paved miles; fourth in the Nation for the number of public airports; we are the Nation's third largest trucking center; we are at the headwaters of the Nation's largest water transport system; and we have one of the largest seaports in the Nation. Sixteen railroads have 3,000 miles of track in the State.

The Act created within the State Planning Agency an Interdepartmental Task Force of Transportation composed of representatives of transportation planning and management units from the state and local level. The Task Force is charged with development of transportation plans, coordination of transportation development, and mass transit assistance to local units of government. No funds were appropriated to support its endeavors. An investigation has been conducted as to necessary and feasible work in this biennium and I will soon appoint members of the Task Force and a Director.

For our collective bargaining problems:

On July 1, 1969, the old Division of Labor Conciliation in the Department of Labor and Industry became the Bureau of Mediation Services under control of a Director who is the former State Labor Conciliator, Mr. Vern Buck.

WHAT THIS ACT MEANS TO YOU TOMORROW:

With Article IX, Chapter 1129, Laws of Minnesota, we became the first state in the Nation to give the Governor authority to reorganize functions and funds within the Executive Branch without a legislative veto. Not even the Federal Government has this sophisticated management tool.

This provision strengthens the already substantive provision of Minnesota Statutes 1967, Section 16.13 and 16.24 by giving the Commissioner of Administration, with the approval of the Governor, not only the authority to transfer employees from

one department or agency to another, but also the authority to transfer functions and appropriations between departments.

As one small simple example of how Article IX can be used, we have transferred the collection of taxes on oleomargarine and butter blends from the Department of Agriculture to the Commissioner of Taxation and the collection of taxes for televised boxing exhibitions from the State Athletic Commission to the Commissioner of Taxation. The Reorganization Act provided for the transfer of part but not all of the tax on oleomargarine and the Act provided for the transfer of taxes on live but not televised boxing exhibitions.

Article IX allows for the continuous reorganization of state government and allows the Governor and his administrative staff, particularly the Commissioner of Administration, the ability to be truly responsible for administration, efficiency, economy, and service.

A new computer services division:

Acting under this provision, I have created a Division of Computer Services within the Department of Administration. A committee of computer experts which I appointed in 1967, has been working out this plan for two years. Computers are essential yet expensive. By working out a complete computer system, we called a halt to the skyrocketing requests for computers which amounted to \$3.4 Million Dollars and by capitalizing on unused capacity, held expenditures to less than \$2 Million. Additional savings will be realized in the future. For example, Pennsylvania estimates \$12.00 saved for every dollar spent through computerization.

New Record Keeping System:

Presently we are considering another organizational change which we feel to be very administratively logical and warranted. This change involves the reassignment of the Archives and Records management functions from independent status

to an integral part of the Department of Administration. By effecting this change, we shall be able to mount a positive, up-to-date records management program that we hope will contribute substantially to the elimination or reduction of the oceans of paper work now generated and sometimes maintained throughout our government activities. This, in turn, will provide more efficient utilization of space and storage facilities that are becoming more scarce and costly daily. The Department of Administration is already charged with the responsibility for providing this badly needed space and for overseeing the efficient operation of State Government.

A new basis for future reorganization:

Presently, the Department of Administration is conducting a functional analysis of all state government activities. This analysis is possible because many departments (eventually all departments) are now making budget decisions on the basis of total programs rather than separate items.

Under the organizational analysis activity, which we are undertaking, a catalogue of all agencies working on related programs can be developed. This catalogue will provide us with a sound foundation upon which to plan future reorganizations.

This study will be complete by early summer, 1970. When it is, the Governor and the Commissioner of Administration can make sound and well-founded decisions relative to governmental organization. Five major areas in which we want to concentrate functional analysis and more efficient structural organization are:

Manpower Services:

In 1969, we changed the name of the Department of Employment Security to the Department of Manpower Services to reflect the broader concern it has now and we intend to have it take in the future.

With over a hundred manpower programs operated by a half-dozen state agencies and innumerable local agencies, there is a growing recognition that there must be improved planning, coordination, and delivery of these important services,

both for economic growth and in the interest of better serving the needs of the individual in gaining meaningful employment. Important federal legislation is pending in Congress which, if passed, will facilitate aggressive state action in this function.

Health and Social Services:

No one has to be reminded about rising health costs and increasing state activities in providing or paying for health related services. Also important federal legislation is pending which would reorganize our archaic welfare system.

Environmental Management:

In 1967, the Department of Conservation was reorganized. In 1969, the Department was renamed the Department of Natural Resources. Much more remains to be done.

In the area of natural resources and environmental control, critical problems face us in controlling development, management of our state resources, and the enforcement of environmental protection standards. The Governor is presently attempting to coordinate 46 departments, agencies, boards, commissions, and committees which have responsibilities in this area, governed by 640 pages of state statutes. Concerted action cannot be expected with this maze.

Community Affairs:

In urban and local government affairs, state government's keystone responsibility in the federal system for the organization, structure and functions of local government and responsibility for the "rules of the game" within which our intergovernmental system operates has long been pointed out, but inadequately employed. There is broad agreement that centralization of government in Washington and fragmented aid programs have not proved successful, and that the states must become equipped to effectively provide block state-federal grants to local government to solve the big urban problems. It is also clear that housing is looming as a major

problem of the 70's, the solutions of which will require aggressive state government action, but for which no state organizational structure exists. We urgently need reevaluation of organization and programs in regard to urban affairs.

Accounting System:

The responsibility for prescribing the state accounting system is divided among the State Auditor, the Public Examiner and the Commissioner of Administration. As a first step in centralizing the functions, these three officers have issued a memorandum assigning the development of a central accounting system to a unit located within the Department of Administration. This unit, to date, has developed a general design of a system which will be compared with the needs of operating departments, and central administration, and modified to meet these needs when necessary.

There are currently over 500 employees involved to varying degrees with the maintenance of the State accounting system. The development of a central accounting system will replace much of the work now carried out by these employees as the function of accounting and financial reporting becomes centralized. The primary goal of this effort is to provide more relevant and timely financial information to the decision makers of the State at equal or less cost than is currently being incurred. The target date to complete the general study is July 1, 1970, which will include a plan for further detailed studies which are necessary for implementation.

A decision must be reached before the next Legislative Session whether we will request legislation to consolidate this function or whether it can be accomplished administratively.

CONCLUSION:

There is no excuse for government to become unresponsive and inefficient. Minnesota now has the best tools in the Nation to serve the people better and cost the people less. It is your public servant's obligation to you now and in the future to use these tools wisely.